

The Global Newspaper Edited and Published in Paris Printed simultaneously in Paris, London, Zurich, Hong Kong, Singapore, The Hague, Marseille, Miami.

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

No. 32,212

38/86

PARIS, MONDAY, SEPTEMBER 15, 1986

AGENCY... ESTABLISHED 1887

Wall Street's Technological Dive



Computers Led Plunge

By John Crudele NEW YORK — The U.S. stock market's plunge last week was as much a product of computer technology and Wall Street inventiveness as it was a reflection of new worries over the economy.

Wall Street's slump highlights the risks to participants in the Eurobond market. Page 11.

One trader ran out of hands while trying to keep up with sell orders on the floor of the New York Stock Exchange.

Daniloff Says Prison Was 'Mental Torture'

By Gary Lee

MOSCOW — Nicholas Daniloff, the U.S. journalist charged with espionage, said Sunday he had been subjected to "mental torture" during the 13 days he spent in the Lefortovo prison in Moscow.

Mr. Daniloff, 51, the Moscow correspondent for U.S. News & World Report, was released from prison Friday into the custody of the U.S. chargé d'affaires in Moscow, Richard Combs.

He used his first full public appearance since his arrest to drive home his conviction that he was framed by the KGB, the Soviet secret police and intelligence agency, and to warn other Western reporters that they, too, are vulnerable.

Mr. Daniloff said the frame-up was engineered to give Moscow leverage in gaining the release of Gennadi F. Zakharov, a Soviet employee of the United Nations.

Mr. Zakharov was seized by the Federal Bureau of Investigation in New York City and charged with spying two weeks before Mr. Daniloff's arrest.

Mr. Daniloff dismissed Soviet allegations that he had admitted working with the CIA as "a crude distortion of my testimony."

A spokesman for the Soviet Foreign Ministry, Gennadi I. Gerasimov, said at a press conference Saturday that Mr. Daniloff had been operating on the instructions of Minrat Natriboff, a former U.S. Embassy official.

Mr. Daniloff reiterated that he had never worked on instructions from any government.

Describing himself as "the victim of provocation," he told the other reporters in Moscow that "what's happening to me is a problem that involves all of you."

Asked to describe the conditions in the Lefortovo prison, Mr. Daniloff said that "all the people are with me."

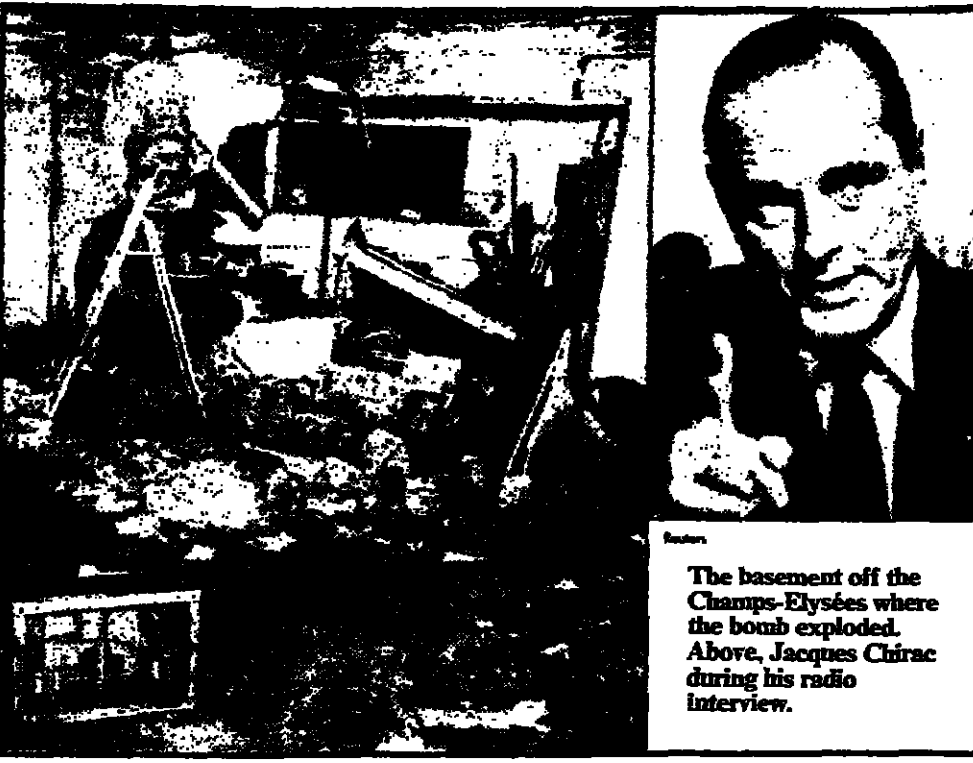
Stimson Pares vowed to continue efforts toward a Mideast peace conference, opposed by Yitzhak Shamir.

The Reagan administration is trying to restore money cut from the UN budget.

In the Ivory Coast, prosperity is closely linked to the country's ties with France.

European airlines have scaled back their estimates for passenger and profit growth.

The negotiators to the General Agreement on Tariffs and Trade start talks today in Uruguay amid discord.



Paris Changes Visa Rules to Fight Terror

By Michael Dobbs

PARIS — Prime Minister Jacques Chirac announced Sunday that all foreigners, except European Community and Swiss nationals, would need visas to enter France.

Mr. Chirac, announcing a package of anti-terrorist measures to halt a nine-month bombing campaign in which 5 persons have been killed and more than 200 injured, said the visa requirement would be initially introduced for six months.

He threatened "draconian reprisals" against the organizers of the bombing campaign.

A few minutes before the prime minister spoke in a radio interview, a bomb exploded on the Champs-Élysées. It was the third explosion in the French capital in a few weeks.

Mr. Chirac's announcement was the toughest statement yet made by the government in reply to demands by a Middle East group for the release of convicted terrorists in detention in French prisons.

Responsibility for the previous blasts has been claimed by a group calling itself the Committee for Solidarity with Arab and Middle Eastern Political Prisoners.

The group has threatened to step up its bombing campaign unless France releases Georges Ibrahim Abdallah, a Lebanese citizen suspected of involvement in the 1982 murder of a U.S. and an Israeli diplomat in Paris, and two other convicted prisoners.

Mr. Chirac said that the government would not yield to demands for the release of Mr. Abdallah, who is serving a four-year prison sentence for involvement in terrorist activities.

U.S. officials had earlier privately expressed concern that Mr. Abdallah might be freed from prison in exchange for an end to the bombing campaign.

Mr. Abdallah's lawyer has accused the previous Socialist administration of reneging on an agreement in March 1985 to free his client in return for the release of a kidnapped French official in Lebanon, Gilles Perroyet.

The deal reportedly collapsed after French counterintelligence agents raided an apartment rented by Mr. Abdallah and discovered the pistol used in the 1982 assassinations of Colonel Charles Ray, a U.S. military attaché, and of an Israeli diplomat, Yacov Barsimantov.

Other measures announced by Mr. Chirac included a ban on the entry of foreigners who have been convicted of terrorism.

Mr. Chirac also announced a ban on the entry of foreigners who have been convicted of terrorism.

Bomb Kills 5 at Seoul's Airport; Government Suspects North Korea

By John Burgess

TOKYO — A bomb exploded Sunday in a crowded arrival lobby in Seoul's international airport, killing 5 persons and injuring at least 19, South Korean police said.

The South Korean authorities suggested that the explosion, which occurred six days before the opening in Seoul of the Asian Games, was the work of North Korean agents.

The national police chief, Kang Min Chang, said, "Intensive investigation will be carried out to find the criminals, who may have been sent from North Korea or have been people under North Korean direction."

Thousands of athletes, officials and journalists involved in the Asian Games have passed through Seoul's Kimpo International Airport in recent days.

All the casualties in Sunday's attack appeared to be South Korean nationals, the authorities said.

Police said the bomb was placed in a trash can in a public lobby. The explosion shattered 11 large plate glass windows and destroyed part of an information desk and car rental counter, they said.

The South Korean government has repeatedly said North Korea might try to disrupt the games. Winning the right to be host of the games was a triumph for the South in its competition with the North for world recognition.

Twenty-eight Asian countries are participating in the games.

The games are also viewed as a dry run for the 1988 summer Olympics, which also are to be held here.

The North Korean news organizations have repeatedly said that South Korea should not have been granted the right to be host of the games. South Korea has a strongly anti-Communist government and 40,000 U.S. troops are stationed in the South.

South Korean analysts say the North is unhappy that so many foreign countries are sending teams to the games.

No Big Loss Is Seen for Republicans in U.S. House

By E.J. Dionne Jr.

WASHINGTON — While national attention has focused on the elections that will determine which party controls the Senate, political analysts say the Republicans, remarkably, are likely to avoid any serious losses in the House of Representatives this year.

Experts from both parties agree that the Democrats will maintain control of the House in the November elections but that their chances for dramatic gains are minimal.

The analysts are speaking instead of the Democrats' picking up 10 to 15 seats, much less than usual when one party has controlled the White House for six years.

The average shift has been 48 seats in the last three elections held at such a time — those in 1974, 1966 and 1958.

Currently, there are 252 Democrats in the House, 180 Republicans and three vacancies.

Both sides caution that dramatically bad economic news, such as a continuation of the slide in the stock market last week, could alter the picture substantially.

"I thought we were in pretty good shape in October of 1982," said Joseph Gaylord, executive director of the National Republican Congressional Committee. But when the national unemployment rate rose to more than 10 percent in mid-October of that year, Republicans all over the country dropped sharply in the polls.

Both parties agree that the estimates of a Democratic gain of 10 to 15 seats, while realistic, are as much a guess as they are the result of careful analysis.

The figure has been popular with each side partly because it would allow each to claim victory.

The Republicans could cite it as a minimal loss, while the Democrats could say they had restored themselves to within about 10 seats of where they were when President Ronald Reagan was first elected in 1980.

"We've been in the ring six years with the heavyweight champ and we only lose 10 seats," said Martin D. Franks, executive director of the Democratic Congressional Campaign Committee. "That's not much of a loss."

As for the Republicans, Mr. Gaylord contended that such a loss would be "dramatic in reversing the trend of big losses at this point in a president's term."

One reason that guesswork is as important as calculation in estimating the overall House result is that many incumbents who seem at risk in September usually manage to hold their seats come by the day of the election.

The re-election rate of incumbents has been about 92 percent since 1950.

Thus, when party officials analyze the elections set by seat around the country, they see as many as 31 seats now held by Democrats that could move to the Republican column, and about 35 to 40 seats that the Democrats could pick up from the Republicans.

But in practice, neither side expects anything like this sort of dramatic shift. In any event, many of the individual changes will offset one another.

One liberal political action committee, the National Committee for an Effective Congress, after a detailed analysis of all 435 seats, found it possible that the Republicans would suffer no net loss at all.

The last time that the party controlling the White House lost nothing at midterm was in 1930.

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Mr. Chirac also announced a ban on the entry of foreigners who have been convicted of terrorism.

Aquino: Beset With Problems

She's Highly Popular but 'Surrounded by Crocodiles'

By William Branigin

MANILA — Less than seven months after she came to power in a largely peaceful uprising that was hailed around the world, President Corazon C. Aquino is in trouble.

As she heads to Washington for a crucial first meeting with President Ronald Reagan this week, the 53-year-old Mrs. Aquino, known here as "Cory," remains highly popular among her 55 million compatriots.

But for all her unquestioned sincerity and good intentions, there are signs of growing pessimism about her ability to handle the country's problems. The euphoria that accompanied her "people's power" revolution has largely given way to a sense that these problems may overwhelm her in the difficult times ahead.

Her government increasingly is perceived to be floundering amid the wreckage left by the administration of the deposed president, Ferdinand E. Marcos. But it is also weighed down with problems of its own making.

While she holds the middle ground and does her best to referee fighting in her fractious 26-member cabinet, centrifugal forces inevitably are pulling apart her unwieldy coalition, even by multiple party loyalties, ideological differences and personality clashes.

Compounding her problems have been new gains by the radical left, the questionable loyalty of some elements in the military, the failure of the business community to make investments, a volatile labor situation, nationwide feuding over the appointment of more than 1,600 governors and mayors, and the likelihood that the Aquino government will not have effective control of the future legislature.

This assessment is based on interviews with government officials, military officers, Communist rebels, church leaders, diplomats and

a variety of other sources in different parts of the country over the last several months.

"Part of the problem is that Cory, having been brought to power as a sort of symbol who presides over warring groups, is not inclined to interfere with squabbles because she wants to be above it all," said a cabinet minister. "She knows she is very popular, but the danger is that all these squabbles might engulf her."

He added: "There's no doubt some officers openly discuss staging a coup if the government's perceived leftward drift becomes intolerable."

Having been vaulted into political prominence by the 1983 assassination of her husband, Benigno S. Aquino Jr., the former housewife clearly has been "growing in the job" and steadily acquiring more confidence as the Philippines' seventh president.

Marcos loyalists still have a potential for disruption and outbreaks of violence against the Aquino government, but they pose no serious threat of overthrowing it.

Besides showing greater self-confidence, Mrs. Aquino has upheld her reputation for common sense, honesty and integrity, which are virtues generally agreed to be badly needed after the Marcos era.

Yet a wide range of sources agree that the reasons for pessimism about her government these days outweigh the positive factors.

In the interview, Mrs. Aquino said she was a member of no political party.



Corazon Aquino of the Philippines exchanging symbolic gifts with Mario Yag-Ao, a tribal insurgent, at a truce signing. At right is the Reverend Conrado Balweg, the rebels' leader.

Philippine Tribe Agrees to Truce

New York Times Service

MANILA — President Corazon C. Aquino has overseen the signing of a truce with a small tribal insurgency led by a Roman Catholic priest.

Her journey Saturday to the Cordillera mountains north of Manila came after a similar trip the previous week to the island of Jolo, where she negotiated a cease-fire with Muslim separatists. The new accord is with the Cordillera People's Liberation Army, whose strength is estimated at about 100.

The leader of the insurgency, the Reverend Conrado Balweg, gave Mrs. Aquino a spear and a tribal shield. Defense Minister Juan Ponce Enrile presented Mr. Balweg with an M-16 rifle.

Mr. Balweg and two local officers of the Philippine Army signed an agreement to cease hostilities and set up negotiating panels.

New Technology Comes Diamond-Covered

By Malcolm W. Browne

NEW YORK — Scientists have discovered a way of coating objects with thin films of synthetic diamond, an achievement that they believe has opened a new era for electronics, optics, machine tools, chemical processing and military technology.

Some of the most advanced developments are taking place outside the United States, and American scientists are rushing to catch up.

Developments around the world in recent months have been so rapid that a wide cross section of American industry and the Pentagon's Strategic Defense Initiative Organization, which is developing a space-based missile defense, have joined the drive to exploit diamond coatings.

Experts say that diamond-coating processes would be cheap enough, moreover, to make diamond film a common manufacturing material.

Long-wearing tools and bearings coated with diamond film and powerful new optical systems for scientific instruments, communications and weapon systems are some of the intended applications.

Others are scratch-proof lenses and windows, ultra-high-fidelity diamond loudspeakers and a new generation of high-speed solid-state devices impervious to the radiation of nuclear blasts. Diamond coatings could improve a range of devices extending from the most advanced rocket engines to razor blades, experts say.

The Soviet Union has succeeded in developing diamond films more than one millimeter (.04 inch) thick. Next year, Sumitomo Electric Industries of Japan is expected to begin producing the world's first diamond computer chips.

In the United States, scientists at Pennsylvania State University are among the leaders in diamond-film research, and Penn State held a conference Wednesday to inform American industry of the latest developments and possibilities.

Representatives of more than 40 companies,

including many of the giants of American industry, attended the meeting.

Participants were offered the chance of joining an information-sharing consortium on diamond coatings, and even with dues set at \$20,000 a year, the participants seemed enthusiastic.

"This bunch is here for just one reason: fear," said Thomas A. Schultz of Crystallume, a California research and development laboratory. "Everyone at this meeting knows that the Russians and Japanese are years ahead of us in diamond-coating technology and that major developments abroad are imminent. Most of the businesses represented here are facing a crash course in catching up."

The urgency of the diamond program was underscored two months ago when the Strategic Defense Initiative Organization announced a program called the Diamond Technology Initiative. The organization allotted \$2.7 million for the initial diamond research program, which is to be administered by the Office of Naval Research.

Penn State was awarded \$700,000, and other

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EMPLOYMENT DOMESTIC POSITIONS AVAILABLE... CORVETTES... EARLY DISCOUNT... CLASSIFIEDS

WORLD BRIEFS

Terrorists Are Suspected of Using New Networks, New Tactics

By Roberto Suro
New York Times Service
ROME — Palestinian guerrilla groups appear to be developing new methods of coordination and to be using surrogates to disguise their operations, according to Italian investigators and other officials looking into recent terrorist actions in Europe.

powerful, centralized command organization or whether it is a weaker, opportunistic outfit that makes use of other people's resources or whether it is something in between.
Investigators in several countries are trying to determine what relationships exist between the Abu Nidal organization, other Middle East, officials said.

address book and other materials led the police first to Ahmed Hani, presumed to be his brother, in West Berlin. Mr. Hani was arrested and charged with complicity in the La Belle bombing along with two other men.
Then, on June 19, policemen in Genoa

detected large-scale operations outside the Middle East.
One group named is that of Abu Musa, or Sayed Musa, the Palestine Liberation Organization figure who led a revolt in 1983 against the PLO chairman, Yasser Arafat. The other is the Libyan-backed Popular Front for the Liberation of Palestine-General Command, a small PLO faction.

who make themselves available to different masters for different jobs. In other cases, it appears that people with allegiances to particular organizations are brought together to carry out one operation but may not work together again.
The official said: "With the Hindawis, and, in other cases, we are seeing the use of surrogates who are capable of taking several different kinds of jobs for different employers at the same time."

Pretoria Closes More Black Schools

JOHANNESBURG (UPI) — The government said Sunday it has closed another 13 black schools, most of them in Soweto, because of "poor attendance and continuing disruption."
The education director, Brasm Fourie, said the schools would be closed until the end of the year. Nine of them are in Soweto, near Johannesburg, two are in townships east of the city and one is in Lamontville, near Durban.

Coup Reportedly Plotted in Seychelles

LONDON (Reuters) — The Seychelles government has uncovered a plot to overthrow President Albert René and the situation in the Indian Ocean archipelago remains volatile, according to an exiled opposition leader.
Paul Chou, secretary-general of the Seychelles National Movement, said Saturday that a coup was to have been carried out by army officers loyal to the minister of youth and defense, Colonel Ogilvy Berliouz. But he said that the soldiers had been divided on whether to do it while Mr. René was in Zimbabwe at the beginning of the month. Mr. René returned a day earlier than scheduled.

Austrian Liberals Replace Party Head

VIENNA (UPI) — Norbert Steger, Austria's vice chancellor, has been named as the new head of the Austrian Liberal Party, raising the possibility that the Socialist-Liberal coalition government might fall and force early elections, political sources said Sunday.
Mr. Steger was succeeded by Joerg Haider, Liberal Party chief in the province of Carinthia, on Saturday night. Mr. Haider won 57.7 percent of the vote at the party congress.

Accord Is Reached in Bolivian Unrest

LA PAZ — The Bolivian government has agreed to free imprisoned trade union leaders and modify its plans to cut back the mining industry, in exchange for a return to work by miners and ending a hunger strike by an estimated 2,000 people throughout the country, officials said Sunday.
Foreign Minister Guillermo Bedregal said Sunday that 64 political, trade union and student leaders would begin to be released later Sunday. The detainees were taken to two remote Amazon villages after the government declared a state of siege Aug. 28. A spokesman for the Bolivian Workers Confederation said Sunday that the hunger strike, started by miners protesting the state of siege, would continue until the accord had been examined in detail, later Sunday or on Monday.

Mine Kills Frenchman in Lebanon

By Ihsan A. Hijazi
New York Times Service
BEIRUT — A French soldier serving with the United Nations peacekeeping force has been killed and five others have been wounded in the explosion of a land mine in southern Lebanon.
The attack, on Saturday, was part of a continuing campaign of harassment against the UN Interim Force in Lebanon.
A UNIFIL spokesman said the French soldiers had been in an armored personnel carrier that drove over the mine near the Shiite Moslem village of Bafiyah, 10 miles (15 kilometers) east of the port city of Tyre.

China Boosts Assistance to Nicaragua

BEIJING (WP) — President Daniel Ortega Saavedra of Nicaragua said Sunday that China had more than doubled its assistance to Managua, offering an "immediate aid package" that included food, tools and consumer goods valued at \$20 million. He said the aid was in the form of an interest-free loan.
Mr. Ortega, speaking at the Great Hall of the People in the center of Beijing at the end of his first visit to China, declared that the Chinese reject completely the aggression by the U.S. government against Nicaragua.
He declined to say whether the aid included military assistance, and his description appeared to indicate it did not. The Chinese have made it clear in the past that they did not intend to supply military aid to Nicaragua.

IRA Says It Killed Protestant Leader

BELFAST (Reuters) — A prominent Protestant paramilitary figure was shot to death Sunday in Northern Ireland and the Irish Republican Army said it had killed him because he had masterminded a wave of killings of Roman Catholics, the police said.
John Bingham, 33, was shot several times at close range in his home, the police said. He was a leading member of the outlawed Ulster Volunteer Force and was believed to have organized a series of killings in Belfast in recent months, according to police and paramilitary sources.
The police said they were questioning two men in connection with the shooting after a car used in the murder was found in a Catholic district not far from the victim's home. Mr. Bingham's wife and two children were in the house at the time of the shooting but were not hurt.

Reactor Is Sealed At Chernobyl Site

MOSCOW — The entombment of the Chernobyl nuclear power station's damaged fourth reactor has been completed ahead of schedule, the newspaper Stroitel'naya Gazeta said Sunday.
The newspaper said a concrete wall 60 centimeters (24 inches) thick had been constructed around the reactor.
The concrete wall was designed to prevent contamination of the nearby Pripyat River by radioactive ground water. The newspaper said the city health department of Kiev, 80 miles (130 kilometers) south of Chernobyl, had declared that drinking water in the city was safe.



Snipers Reportedly Shot At Hijacker in Karachi

By Kamran Khan
Washington Post Service
KARACHI, Pakistan — Indiscriminate firing by the four Palestinian hijackers of Pan American Flight 73 may have begun after Pakistani sharpshooters tried to kill the group's leader in the airplane's cockpit, according to sources.
The shots fired by sharpshooters of the army's special services group could not pierce the windshield of the Boeing 747, according to airline sources.

Iraqi Envoy Killed As Bomb Goes Off In Car in Karachi

KARACHI, Pakistan — Iraq's deputy consul-general in Karachi was killed Sunday in the second bomb attack on an Iraqi diplomat in Karachi in four months.
The police said Nathal Abdul Salam Abdul Latif was killed when a bomb exploded in his car in the fashionable Defense Housing Society suburb. He was driving to work when the bomb exploded.
A passer-by was seriously injured, the police said.
Four months ago a bomb was set off under the car of another Iraqi official in Karachi, an Embassy spokesman in Washington said. The device fell off the car and exploded without harming anyone.
Police said that no claim of responsibility for the latest bombing had been received. The Iraqi Embassy in Islamabad, Iran's embassy in the Gulf war, for the "regrettable crime." An Iranian Embassy spokesman denied that Iran had been responsible.



REUNION — Three former hostages in Lebanon, from left, the Reverend Benjamin Weir, Jeremy Levin and the Reverend Lawrence M. Jenco, appealed for the release of the remaining American hostages. They were joined Friday in Washington by families of five of the captives. The group appealed for more U.S. action to free the captives.

Mubarak, Peres: Has Time Run Out? Israeli Leader Nears End of Term, No Accord in Sight

By Glenn Frankel
Washington Post Service
JERUSALEM — The summit meeting in Egypt between Prime Minister Shimon Peres of Israel and President Hosni Mubarak of Egypt last week is likely to be remembered as the meeting that came too late — too late in the week to last more than 24 hours, too late in the month to entice the U.S. secretary of state, George P. Shultz, to attend and play the role of catalyst.
And, most of all, it came too late in Mr. Peres's term in office to create the kind of momentum at home that the Israeli prime minister needs to overcome the deep skepticism and disappointment about the Middle East peace process that afflict his wary countrymen.

through the various trade, tourism and cultural accords that were adjustments to the Camp David agreement.
Ironically, Mr. Peres's efforts to reignite the peace process with Egypt was stalled by a dispute over a 250-acre (100-hectare) parcel of Sinai beachfront. After months of bickering, he finally forced his coalition cabinet to accept international arbitration of the issue. Still, it took eight months more to reach agreement on the boundaries of the disputed claims and to select a mutually acceptable panel of arbitrators.

Peres and Shamir Clash On Need for Conference

United Press International
JERUSALEM — Prime Minister Shimon Peres told the Israeli cabinet Sunday that he would continue to work for an international conference on the Middle East as agreed with President Hosni Mubarak of Egypt last week.
Mr. Peres's statement came after Foreign Minister Yitzhak Shamir, who is due to take over as prime minister on Oct. 14, had spoken out against the idea.
A separate cabinet statement also provided key details of what Mr. Mubarak announced Friday as an agreement with Mr. Peres to set up a preparatory committee on an international conference on peace in the Middle East.
The cabinet statement said: "The international conference is not intended as a substitute for direct negotiations, but to precede them. It will not of course have the authority to impose solutions or cancel agreements."

resolution of the Taba border dispute and the return of Egypt's ambassador to Tel Aviv. But it also demonstrated the wide gap between the two sides on the issue that in the long term may have more influence on bilateral relations than any other — the fate of the Palestinians.
Israelis have been profoundly disappointed in the content and spirit of their peace with Egypt, even though it has provided security on their southwestern flank and virtually eliminated the possibility of the three-front wars that threatened this country's survival for a generation.
Israel's hopes for a new era of good feeling were eroded by the withdrawal of the Egyptian ambassador after the massacre of Palestinian refugees in Beirut by Israeli-backed Christian militiamen in 1982 and Cairo's failure to follow

Baccarat advertisement featuring an image of a Baccarat building and text: '30 bis, Rue de Paradis 75010 PARIS (thru the archway) Tel.: 47 70 64 30 When in Paris... visit our Museum and showrooms Open Monday - Friday 9 a.m. to 6 p.m. Saturday 10-12 a.m., 3-5 p.m. Also in selected stores near your home. Brochures on request'

Speak Spanish (or German, French, Arabic and others) like a diplomat! advertisement. Includes text: 'What sort of people need to learn a foreign language... TO ORDER, JUST CUT THIS AD AND MAIL IT WITH YOUR NAME AND ADDRESS...'

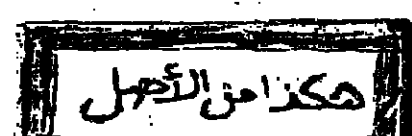
UNIVERSITY DEGREE advertisement. Text: 'BACHELORS - MASTERS - DOCTORATE For Work, Academic, Life Insurance... Send detailed resume for free evaluation...'

GENEVA ZURICH LUGANO advertisement. Text: 'Hotel Rotary Rue du Cendrier 18-20 CH-1201 Geneva Tel: 022/31 52 00 Tx: 289 999...'

Reactor Is Sealed At Chernobyl Site advertisement. Text: 'MOSCOW — The entombment of the Chernobyl nuclear power station's damaged fourth reactor has been completed ahead of schedule...'

DOONESBURY cartoon strip. Text: 'SORRY, MITTY. RICK'S NOT HOME... HE WENT DOWN TO THE PAT ROBERTSON PRESS CONFERENCE...'

AMEF advertisement. Text: 'Self-Made Rich Spooling Off... Being born into a family doesn't always mean a large inheritance...'



AMERICAN TOPICS

Self-Made Rich Fear Spoiling Offspring

Being born into a wealthy family doesn't always guarantee a large inheritance, especially for first-generation fortunes, according to a survey by Fortune magazine.

Of 30 multimillionaires who were polled by the monthly business publication, one-fifth said their children would be better off with only minimal bequests and nearly half planned to leave at least as much to charity as to their heirs.

Warren E. Buffett, chairman of the Berkshire Hathaway investment firm and a self-made billionaire rated by Fortune magazine as one of the 10 richest people in the United States, said, "My kids are going to carve out their own place in this world."

The amount of a legacy also had to do with whether the fortune was old or new, Fortune said. Alexander Sanger, a partner with the law firm White & Case in New York, said that of 20 wills he has drawn up for newly wealthy parents with net worths of \$20 million or more, 16 left at least half the estates to charity.

Alexander Forger, of the New York law firm of Milbank Tweed Hadley & McCloy, said, "After a generation or more, inheritance becomes a stewardship kind of thing."

Notes About People

Kellye Cash, who is Miss Tennessee and the grandniece of Johnny Cash, the country singing star, has been crowned Miss America 1987.

Paul E. Tsongas, 45, a Democrat who decided not to run for re-election as senator from Massachusetts in 1984 after discovering he had lymph cancer, is reported to be recovering and in excellent spirits after undergoing a bone marrow transplant.

The Maryland license plate on the black Volvo belonging to G. Gordon Liddy, 55, the former White House staff member who was fined \$40,000 and spent 52 months in prison for his role in the Watergate burglary, reads "H2OGate."

In the interview, General Pinochet was critical of the United States, saying that Washington would be displaying "political and economic myopia" if it opposed continued international loans to Chile to try to force him from power.

He also rejected any idea of opening the scheduled 1989 presidential election to more than one candidate but declined to say specifically whether he would be the one.

General Pinochet, who will be 71 in November, kept up a virtually nonstop round of meetings and ceremonial appearances last week in his role as both army commander and president.

Questions for the interview were submitted in advance at the request of government officials. The general said at the outset Friday that he intended only to hand over written answers.

But he relented slightly and said he would take a few questions. The interview that followed lasted about 10 minutes. It ended when he stood up and started for the door, remarking as he went that the United States was in no position to advise him on dealing with Marxism-Leninism in Chile, because "they have never won a war."

Stopping to amplify, he said: "The Second World War was won by the Russians. Then the Korean War was won by the Russians. In Vietnam the Russians won. And in Iran, who won?"

Then he said, "Goodbye" and walked out the door. The state of siege decree has been used so far to halt transmissions from Chile by two international news agencies, to detain more than 40 people linked to the political left and to expel three French priests.

At least four persons, including the foreign editor of one of the six banned magazines, were killed last week after being taken from their homes by armed plainclothesmen.

'People Are With Me,' Pinochet Maintains as He Warns Washington

By Shirley Christian New York Times Service

SANTIAGO — President Augusto Pinochet, speaking less than a week after an assassination attempt, has asserted that "all the people are with me."

The 70-year-old general said in an interview Friday that he had received a great outpouring of support since his motorcade was ambushed Sept. 7, killing five of his bodyguards.

The government reacted by imposing a state of siege, rounding up political opponents and closing six opposition magazines.

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Short Takes

Poverty causes crime, it is said, but James K. Stewart, director of the U.S. Justice Department's National Institute of Justice, says that crime also causes poverty: secretaries declining to work overtime at night for fear of being mugged en route home, husbands quitting night school because they don't want to leave their families unprotected, businesses driven away by theft and burglary.

Mr. Stewart notes that high-crime communities in East Brooklyn, New York; Oakland, California and Portland, Oregon, among others, have razed abandoned buildings, installed burglar alarms and set up guard patrols. "Crime," he says, "is the ultimate tax on enterprise."

An apparent prankster, Norman Mark Allen, 21, falsely told a Pennsylvania supermarket that its Jell-O products had been poisoned with cyanide. He drew a five-year prison sentence from Judge Edwin Kosik in Scranton. The judge said he hoped the stiff sentence would deter others from making market-tampering threats.

The newly divorced can get a free dinner at Billy Siegel's steakhouse on Chicago's North Side if they can produce their papers on the day the divorce becomes final. Mr. Siegel, 38, says he has been divorced once and is going through a second. About 15 people have claimed divorce dinners, he said, including Glenn and Carol Hago, who came in with separate dates on the same night. "I think it's a real good idea," said the former Mrs. Hago, 31. "It eases you right through it — especially after six glasses of wine."

—ARTHUR HIGBEE

'Scoundrels' Expelled by Costa Rica

Nation's Image as Last Refuge Fades With Deportations

By Stephen Kinzer New York Times Service

SAN JOSE, Costa Rica — The image of Costa Rica as a refuge for people with nowhere else to hide is quickly fading.

In recent weeks the government has begun deporting what Interior Minister Guido Fernandez Saborio calls "scoundrels," and many of these people have lived in Costa Rica for years.

"We are not only preventing more scoundrels from coming into Costa Rica," Mr. Fernandez said in an interview, "but we are sweeping out the ones who are here."

Among recent targets of the government's campaign are a Ukrainian accused of war crimes, an associate of former President Ferdinand E. Marcos of the Philippines and a Cuban exile said to be tied to the U.S. Central Intelligence Agency.

Officials said the government was considering action against more than 20 others.

The new policy has aroused considerable interest in Costa Rica, and Mr. Fernandez appeared last week on national television to explain and defend it. He said the policy was "the product of a national consensus."

The campaign of expulsions and deportations is the work of Costa Rica's new president, Oscar Arias Sanchez, who took office in May.

"It is shameful that you can see movies where criminals try to avoid the law or hide from authorities by coming to Costa Rica," Mr. Arias said in an interview. "I am going to put an end to this, no matter what the cost."

Some past Costa Rican leaders defended the country's willingness to offer asylum to people not welcome elsewhere. They said that investments by many controversial foreigners provided jobs and stimulated the economy.

In his drive to cleanse the country of undesirable aliens, Mr. Arias has an enthusiastic ally in his interior minister, Mr. Fernandez.

For 12 years, Mr. Fernandez was editor of the largest newspaper in Costa Rica, La Nacion, and he directed an extensive reporting effort aimed at forcing the expulsion of Robert L. Vesco, the fugitive American financier who lived in Costa Rica in the 1970s.

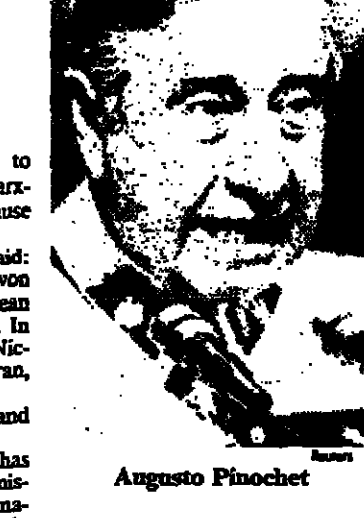
"When Vesco was expelled," Mr. Fernandez said, "I considered it a personal victory."

Mr. Fernandez said that although many of his targets have not been convicted of crimes, they were unwelcome because they could tempt the Costa Rican authorities into corruption. He said the government also was acting "out of concern for the legitimate foreign community that has lived here for years."

Because of its favorable climate, political stability and other advantages, Costa Rica is home to thousands of foreigners.

The most widely publicized recent expulsion was that of Mannel Elizalde, a wealthy Filipino who had lived in Costa Rica for two years and was building a tourist complex.

Mr. Elizalde's home was heavily guarded by armed men, rare in Costa Rica, and he was said to have had a questionable past in the Philippines, where he had been a Marcos ally.



Augusto Pinochet

International Labor Organization

UNESCO is the United Nations Educational, Scientific and Cultural Organization.

General Pinochet remarked that Chile had paid its quota to the international lending agencies and had not sought to avoid responsibility for its \$19-billion foreign debt.

"At times," he added, "I wonder if a country has to have problems with drugs, unrestrained terrorism, uncontrolled Marxist movements, a unilateral debt moratorium and an anti-American attitude in order to improve its relations with the United States and even receive assistance."

Francisco Javier Cuadra, the secretary general of government, who sat in on the interview, said later that the basic answers to the written questions had been drafted by lower officials but that the president had done the "final editing."

Asked whether he intended to be the presidential candidate in 1989, when his eight-year constitutional term ends, General Pinochet said, "I neither had nor have personal ambitions."

13 U.S. Air Controllers Are Called Drug Users

New York Times Service

LOS ANGELES — The Federal Aviation Administration has announced that 13 of 34 air traffic controllers under investigation at Palmdale, California, were found to have used drugs off duty.

The agency said Friday that it had given them the choice of entering rehabilitation programs or being dismissed. The other 21 controllers, who were transferred temporarily to desk duty because of the investigation, have been returned to their jobs as controllers, it said.

Reversing UN Policy That Backfired, Reagan Seeks to Restore Fund Cuts

By Elaine Sciolino New York Times Service

UNITED NATIONS, New York — After a wave of congressional budget cuts that could severely hurt the United Nations, the Reagan administration has quietly started a campaign to reverse that trend and bolster the organization, according to administration officials.

Until recently, the administration had consistently criticized the United Nations, complaining of resolutions and programs hostile to American interests, a mismanaged and bloated bureaucracy manipulated for espionage purposes by the Soviet bloc, and irresponsible spending.

These criticisms were reflected in cuts by Congress in the last year, from withholdings for specific programs and policies to across-the-board reductions. These cuts and deferrals could go as high as \$149 million, or 70 percent of the total that the United States is required to pay the United Nations next month.

The reductions prompted the secretary-general, Javier Perez de Cuellar, to complain Thursday that their effect had been crippling and to warn that "the very operation of the United Nations has been placed in jeopardy."

The administration, however, has focused now on the United Nations as a key to American foreign policy interests and is asking Congress to restore at least some of the money.

An administration official said, "The executive branch will do its very best to get most of those cut-backs rolled back."

The problem is serious, the official said, and President Ronald Reagan himself may intervene with Congress in an effort to restore some funds.

Mr. Reagan is to address the General Assembly on Sept. 22, the opening day of the general debate, and his aides have urged him to use the occasion to assure the 158 other members that the United States strongly supports the organization.

UN analysts say that the problem resulted from a policy that backfired.

"What the administration first saw as a tactic of using Congress to legislate pressure on the United Nations has turned into a strategic blunder," said Edward C. Luck, president of the UN Association, an independent research group. "Now Congress is out of control."

As part of its effort to turn the tide, Secretary of State George P. Shultz has sent letters to key members of Congress telling them that such sweeping cuts will undermine American influence in the United Nations.

In addition, Deputy Secretary of State John C. Whitehead is now responsible for monitoring UN issues, and Alan L. Keyes, the assistant secretary of state for international organizations, one of the most outspoken critics of the United Nations in the administration, apparently has lost much of his autonomy.

"You'll hear us speaking with one voice from here on in," an official said.

The turnaround in the administration's attitude is attributed in part to the realization that if the United States pays only a fraction of what it is legally assessed, it could forfeit jobs for Americans at the United Nations and lose what leverage it has as the organization's largest contributor.

In addition, the threat last summer by Turkish Cypriots to the UN role in Cyprus and the new wave of attacks by Shiite Moslem militants against the UN peacekeeping forces in southern Lebanon have alarmed administration officials.

They fear an escalation of hostilities in those regions, especially if the United Nations is not supported.

What has made the American position confusing is that it does not officially want to pay a smaller share of the UN budget. What the United States wants, officials say, is cost cutting and a larger U.S. say in UN expenditures.

The United States is required to pay 25 percent of the regular budget every year, under a complex formula largely based on gross national product. If all the anticipated cuts and deferrals went into effect this year, the American contribution would fall to 7 percent, putting the United States in fourth place, behind the Soviet Union, Japan and West Germany.



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Athlete's Autopsy Reviewed

Washington Post Service

WASHINGTON — A review of the autopsy report on Len Bias concludes that the University of Maryland basketball star consumed three to five grams of cocaine before he collapsed and that the drug may have been contained in a beverage.

The review, conducted by experts at Prince George's General Hospital, was ordered as part of a Maryland attorney's office investigation into Mr. Bias's death. The athlete's parents released copies of the review on Friday.

The review included no firsthand information but offered conclusions based on evidence included in the official autopsy report, which was conducted by the Maryland medical examiner's office following Bias's death on June 17.

Several health experts said Friday that such a review was unlikely to provide conclusive evidence about the cause of a drug-related death.

Protestant paramilitary figure and the Irish Republican had masterminded a wave of did.

sets at close range in his home, member of the outlawed Ulster organized a series of killings in lice and paramilitary sources, no women in connection with the as found in a Catholic district ghams' wife and two children ing but were not hurt.

EST-DOWN PAT ROBERT SONS? NO KIDDING...

SUP-DOWN 20 HOURS... SHOTS, TOP...

How to save a drowning man in a 35-knot crosswind

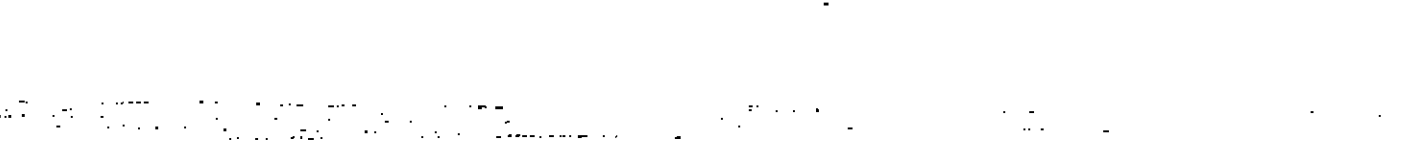


Rescue work at sea is seldom done in fine weather and calm seas. That's why the United States Coast Guard demands stringent requirements for their helicopters, including stability in flight — even in strong crosswinds — and protection against potential tail-rotor accident hazards.

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that's special. that's aerospatiale.



INTERNATIONAL Herald Tribune

Stock Market Stress

The Rothschilds grew rich because a carrier pigeon brought their head office early news about Waterloo. Last week's plunge on the stock markets must be judged against today's communication systems. The fact that Thursday's crash was the third largest since the 1929 crash may not say much. With the whole financial world linked by satellite, price changes are speedier, especially when large investors are harnessed to automatic stop-loss selling by computers programmed on the theory that if you are going to panic, panic fast — and first. Historically large swings must be taken with a grain of salt. Still, last week's sudden weakening may be serious, if only because its interpretations vary wildly. The mini-crash, say some, reflects expectations that the U.S. economy is strengthening and moving back to inflation: accordingly, hopes of further interest rate reductions grow thin. Others, contrarily, blame signs that the U.S. economy is not recovering quickly, and perhaps is facing a new period of mild recession — so that stock prices must decline in line with earnings prospects, making the dollar less attractive to foreigners. It is this dichotomy that worries us. Markets may be running out of all confidence in the ability of governments to manage their economies with reasonable efficiency, whether the threat is on the side of inflation or deflation. We believe the threat is deflationary. In the United States, certain very short-term indicators suggest an upturn from the recent stagnation, but these are notoriously unreliable. They are devised with bewildering rapidity and can change even from a preliminary plus to a revised minus. More important, we feel, is what industry plans to spend on factories and machinery this year compared with last year: a substantially smaller amount. Also important are the prospects for other wealthy countries — Japan and, to a lesser extent, West Germany. The relatively optimistic German forecasts can, perhaps, be granted the benefit of the doubt. But given the weakness appearing in the rest of the world, the caution on the part of policy-makers in the Federal Republic borders on the incautious. And the Japanese case is clear, on Tokyo's own admission. A substantial inflationary autumn budget, designed to boost domestic demand by at least 1 percent of gross national product, is needed. Worldwide, too many companies, consumers and countries will find their debts unpayable if business grows weaker. Were there serious danger of new inflation, this belief would be heretical. But the danger is small in a world where the economies of only a few countries are growing with any speed. The slowing of the price rise in the industrialized member nations of the OECD, to an annual rate of only 1 percent, may end. There could even be a small reversal if oil prices remain firm. But there is a difference between a price rise and inflation. With labor markets depressed everywhere, a change in the slope of prices does not have to herald a new inflationary trend. In most countries a new price-wage spiral still seems remote. Weak activity is more likely. INTERNATIONAL HERALD TRIBUNE.

The Deal for Daniloff

No one could look at the pictures of the Soviets' American hostage, Nicholas Daniloff, exulting in his transfer out of Lefortovo prison, and not share in his gratitude and relief. Almost two weeks in his eight-by-ten-foot cell, cut off from contact with family and countrymen except by his jailers' occasional leave, subject to continuous surveillance and repeated, prolonged interrogation by his KGB captors, Mr. Daniloff, the Moscow correspondent for U.S. News & World Report, is immeasurably better off out of prison than he was in it. But he is still the victim of a cynical and outrageous frame-up. And he is still a hostage. The only way the United States was able to gain his release from prison, it seems, was to acquiesce in this hostage status and to become in some degree a guarantor of it. This is awfully uncomfortable. In explanation it is said that Mr. Daniloff's health was at risk under the conditions of his imprisonment, that the deal is essentially the same one that was made to gain the release of another American in similar circumstances a few years back, that a kind of prearranged series of face-saving steps in fact led to Mr. Daniloff's release from captivity and that in the imperfect and unbalanced, if not downright rotten, world of U.S.-Soviet dealings, this is the sort of thing you sometimes have to do. There is bound to be much inquiry into all this in the days ahead; there will be sustained efforts by journalists and politicians and others to establish just what the bargaining was about and whether the American government did the right thing and got the best it could. There are many serious questions, and it will be useful to know more. The only thing we can say with certainty just now is that, glad that Mr. Daniloff is out of Lefortovo, we hope — and trust — that the deal that got him out is better than it looks. —THE WASHINGTON POST.

New Hope in Poland

What a welcome surprise from Poland: By deciding to grant a general amnesty for all political prisoners, the government of General Wojciech Jaruzelski seems to have heeded the wise advice of Polish church and human-rights leaders. It has produced an important gesture for once free of pettiness and calculation. Indeed, it may not be too much to hope that this could be a start toward the national reconciliation the Warsaw government has long claimed to seek. Perhaps Poland's brave, bitter struggle for a more democratic society can indeed be moved out of clandestine channels. That would require nothing less than a commitment by Warsaw to reopen legal routes to those same goals. Had previous amnesties been followed by genuine steps toward dialogue, many of those now being released would never have had to return to prison. But the past need not determine the future. At the Polish Communist Party Congress earlier this summer, the Jaruzelski faction, which takes a softer line than others, won strong, conspicuous endorsement from Mikhail Gorbachev, the Soviet party chief. This allowed the government to try reexamining some of the economic reform programs announced, but never consistently pursued, when martial law was imposed in 1981. It has been six years since Solidarity was born as a mass movement, and almost five years since it was suppressed by force. In all that time, Poland has remained a society in sullen stalemata. The Soviet Union has watched its largest East European ally converted into a strategic question mark and an economic burden. Millions of Poles suffer continued spiritual demoralization and physical poverty along with official brutality of both word and deed. If by move toward reconciliation and dialogue is authentic and enduring, there will be reason for gladness in both East and West. —THE NEW YORK TIMES.

Other Comment

No Confidence in the 'Contras'

President Oscar Arias Sanchez of Costa Rica has made it unanimous. Not one of the four democratic nations that President Reagan is trying to "have" from Nicaragua wants to cooperate with the United States' surrogate invaders, the "contras," in their campaign to overthrow the Sandinists. In an interview with the New York Times, Mr. Arias vowed to prevent the contras from operating in Costa Rican territory as anti-Sandinist rebels have done in the past. And he warned that the \$100 million that Mr. Reagan has asked Congress to give the contras would be counterproductive. Referring to President Daniel Ortega Saavedra of Nicaragua, Mr. Arias said: "The aid to the contras was supposed to oblige Ortega to change, to become more tolerant and flexible. But what has actually happened is just the opposite. It is sad that such common sense about the crisis in Central America has not been heard in the White House or on Capitol Hill lately. Clearly Mr. Reagan is committed, beyond logic and reason, to his current course — either making the Sandinists "say uncle" or helping the contras "have their way and take over" if the Sandinists refuse to budge. And just as clearly Congress does not have the will to stop him. Mr. Arias and other regional presidents have no illusions about the Sandinists. They also have no illusions about the contras. Mr. Reagan's surrogate army has no chance of overthrowing the government in Managua, and a U.S. military intervention that could defeat the Sandinists would create as many problems as it would solve. That is why political leaders like Mr. Arias are now distancing themselves from a military policy that they know is virtually doomed. That is why all of our friends and allies in Latin America have urged the United States to use diplomatic pressure, rather than military might, to contain the Sandinist revolution. The Contras' process must be kept alive, however precariously. At least then it will be in place when the failure of the administration's Nicaragua policy becomes as evident in Washington as it is in Central America. —The Los Angeles Times.

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92020 Neuilly-sur-Seine, France. Tel: (1) 46.37.93.00. Telex: Advertising, 613395; Circulation, 612832; Editorial, 612718; Production, 630698.

Director of the publication: Walter N. Thayer.

Editor for Asia: Michael Richardson, 5 Convent Road, Singapore 0511. Tel: 472-7168. Telex: 255928. Managing Dir. Asia: Malcolm Glen, 30 Gloucester Road, Hong Kong. Tel: 5-8101616. Telex: 61170. Managing Dir. U.K.: Robin MacKinnon, 63 Long Acre, London WC2. Tel: 036-4802. Telex: 262000. Gen. Mgr. W. Gannaway, W. Lannabach, Friedrichstr. 15, 6000 Frankfurt/M. Tel: (069) 726733. Telex: 416721. Gen. U.S.: Michael Conway, 250 Third Ave., New York, N.Y. 10022. Tel: (212) 755-3890. Telex: 427773. S.A. on capital of 1,300,000 F. RCS Number: B 733021126. Commission Paritaire No. 61337. © 1986, International Herald Tribune. All rights reserved. ISSN: 0294-8022.

OPINION



Helmut Schmidt Sums Up: Ostpolitik, Arms and Allies

By Helmut Schmidt

BONN — For the Federal Republic, the relationship with the Soviet Union, its strongest and — in terms of power politics — most dangerous neighbor, has decisive importance. The special geopolitical location of our country and the division of Middle Europe and of Germany, as well as the strains that have shaped German-Soviet relations in the past, make the need for an active German Ostpolitik inescapable. Ostpolitik is a German word that has become part of other languages. Presidents Richard Nixon and Gerald Ford made it an element of their own foreign policy. And in late 1967 it was defined as part of the overall strategy of the Western alliance. It consists of joint defenses and the determination to protect one's freedom of political decision-making against all attempts at political or military interference; but it also calls for a willingness to cooperate with the Soviet Union in the diplomatic and economic fields and, above all, in the area of a balanced, contractual arms limitation policy. This strategic concept remains essential for a constructive policy of peace. In a time of virtually unimpeded growth of the means of mass destruction, the highest priority must be given to a policy of arms control. This is an urgent German interest. It also is in the urgent interest of all Europeans, whether they live in Amsterdam or Budapest, Copenhagen or Sofia, Bonn or East Berlin.

But what is the present state of East-West arms control policy? There has been no disarmament agreement between the superpowers since 1973. SALT-2, though never ratified, has been respected until now, but is running out. The ABM treaty, which puts limitations on anti-missile missile systems, is being contested, and this means that the last pillar of the system of mutual arms limitation is in jeopardy. The attack on the ABM treaty is the result of President Reagan's Strategic Defense Initiative of March 1983. But the position of the German federal government on this issue remains unclear. Only a dreamer could believe that the Soviet Union can be forced to arm itself to death. As soon as one of the superpowers felt it was falling behind the other in the race for a missile defense, it would still have many possibilities to even the score by building even more offensive weapons with even more warheads. A new arms race would result. Even if one accepts the most optimistic assumptions about the ability of the superpowers to develop effective anti-missile shields above their respective territories, one thing is clear: It will remain technically impossible, in this century, to develop a defense against medium-range and short-range nuclear missiles aimed from European soil at European targets — even though Defense Minister [Manfried] Werner attempts now and then to convince us otherwise. Even an optimal SDI system would do nothing to improve security either in Western or Eastern Europe. On the contrary: An improvement in the security of the two major superpowers could be obtained only at the price of diminished security in Europe.

Seine. Under the presidency of Valéry Giscard d'Estaing we developed, in addition, a close economic and financial relationship. In the realm of defense, too, we had begun to turn Europe into that second pillar of the Atlantic alliance of which Kennedy spoke. Regrettably, in terms of defense policy, François Mitterrand has not yet stepped out of the shadow of de Gaulle. He has not yet found the resolve to make close German-French cooperation the foundation for the conventional defense of Western Europe. But he has not had the necessary support from Bonn — for, obviously, it would mean the creation of a French supreme command. General de Gaulle was right on an important point. I see more clearly today than I did in 1963, when the Elysée treaty was signed, how much de Gaulle counted on the entente between France and Germany to provide the core for European self-defense, and obviously he was thinking of France and of himself as the leading partner. At the time, we did not understand or accept this. I admit my own misjudgment; we watered down the preamble to the treaty and wound up on a sidetrack.

If we look at the sum of your foreign policy intentions, Mr. Chancellor [Kohl], we see no basic turn-about in this field. But the gap between intentions and results remains too wide. The Federal Republic has lost much of its weight. It has, under your government, temporarily abdicated its influence over the shape of the West's overall policy. But what else could you expect, really, when you start by rejecting any disagreement with U.S. policies as damnable "anti-Americanism" only to find out later that arguments with the leading power in the alliance cannot be avoided. The Federal Republic must be a friend and partner of the United States, but not a client. If you give the impression that you accept the status of a dependent protégé, you must not be surprised if that is the way you are being treated.

U.S. Narcissism Is No Help to the United Nations

By Theodore C. Sorensen

NEW YORK — The overwhelming majority of United Nations members, whose 41st annual General Assembly opens this week, may well have been misguided in not voting with the United States on most issues over the past several years. Zimbabwe's minister of youth, sport and culture may well have been discourteous in attacking U.S. inaction on sanctions against South Africa at a diplomatic function on July 4. The government of New Zealand may well have been foolish in not finding some compromise solution permitting U.S. warships to call at its ports without revealing whether they were nuclear-armed. The Philippine president, Corason Aquino, may well have been naive in calling for a peaceful solution to her country's Communist insurgency. The government of Honduras may well have been ungrateful in rejecting U.S. efforts to use its territory as an open training ground for "contra" guerrillas battling Nicaragua. But the Reagan administration's angry reaction to these and similar positions, implying that they are motivated wholly or partly by deep-seated anti-Americanism, is dangerous nonsense, reflecting a fit of personal petulance or governmental paranoia. A less fretful, more confident, more tolerant world leader would not have reacted to these vexations by undermining long-term U.S. interests — by preemptorily cutting off all assistance to Zimbabwe's production of food for Africa's hungry, for example, or abandoning all security guarantees to the New Zealand forces that fought alongside Americans in battles from World War I to Vietnam, or incurring ill will America can ill afford in such key countries as the Philippines and Honduras. Like the emperors of the ancient Chin dynasty, the United States acts as though it is the center of the earth: All who are not with it are against it and every global or regional issue is viewed in a purely pro- or anti-American light. But in the real world, both friends and neutrals will from

time to time inevitably find it necessary to place before U.S. requirements their own domestic politics, regional pressures, historical perspectives and economic interests. Their leaders, like America's, must contend with local elections, factions and fanatics. Their leaders, like America's, are enticed occasionally to employ rhetoric that is drastically different from the course of action they actually pursue. Many young countries, like the United States during its first 100 years and longer, prefer, in Jefferson's words, "peace, commerce and honest friendship with all nations, entangling alliances with none." Nothing better illustrates a narcissistic displeasure at other nations' prescribing their own medicine than the administration's report to Congress each year that most members of the UN General Assembly vote most of the time "against" America. The introductory comments to this summer's report by Vernon Walters,

the chief U.S. delegate to the United Nations, tried to put these roll call votes in perspective, noting that the United States gained some important victories by unrecorded consensus, that many roll calls are comparatively insignificant and that UN votes are "but one dimension of a country's relations with the United States." But, according to President Reagan, the report measures "the degree of support of United States foreign policy in the United Nations context." If that were true, then, judging from the report, Poland is more supportive of the United States than Mexico, the Soviet Union is more agreeable than Cyprus, Grenada ranks well above Britain and Iran is a better friend than India. The United Nations has enough against it without Washington broadbrushing this virtually irrelevant scorecard to cut still further the level of its participation in that disappointing but indispensable world body. Petty complaints and reprisals against smaller nations venting fears and frustrations are not becoming to a great power. An attempt to understand smaller nations' motives may not alter their speeches and votes — or America's. But it might better enable the United States, as Robert Burns wrote 200 years ago, "to see ourselves as others see us..." (which would) from many a blunder free us, and foolish notion." Fewer foolish notions could add strength and luster to America's leadership.

A Chastened UN Deserves Full Support

By Tom Vraalsen

NEW YORK — The members of the United Nations who gather this week for the opening of the General Assembly find the organization in a severe financial crisis. The East European countries' decision to withhold part of their contributions, deep cuts in U.S. funding and late payment by a large number of other member states have thrown the United Nations into a bind. Reserves are depleted and the severe shortfall in this year's contributions will soon make orderly management virtually impossible. If allowed to continue, the crisis could threaten the very existence of the organization. Against this background, the news from Washington is alarming indeed. It seems entirely possible that in fiscal 1987 the United States will contribute only about \$100 million of its assessed contribution of \$200 million. The irony is that all this is happening at a time when the United Nations is making a determined effort to put its house in order. Last year, the General Assembly unanimously decided to establish a small but politically and geographically representative group of senior experts from member states, the "Group of 18," to examine and suggest improvements in UN administration and finances. This decision reflected a widely held view in the assembly that the United Nations needed a shakeup; the organization had become too unwieldy, inefficient and wasteful.

These concerns had for some time been voiced by the major contributors. Now, they are the concerns of virtually every member state. In mid-August, the Group of 18 submitted specific recommendations that could have a decisive impact on the United Nations. It suggested deep cuts in the number of jobs provided by the organization, structural changes in the secretariat, improved management and leadership on all levels, and cuts in staff entitlements, travel and use of outside consultants. The group also recommended a significant reduction in the number of conferences and meetings held and in the suffocating quantity of documentation produced by the organization. These measures would lead to major improvements in the administration of the United Nations; the organization would become leaner, more focused and cost-effective. These were not easy recommendations to make, and they will not be easily implemented. This is the first time in 40 years that the United Nations has been subject to such searching and critical review by its member states; its success required reaching a consensus in a body that represents the aspirations and interests of 159 very different countries and peoples. Such fundamental reforms have eluded the United Nations for years. There is, unfortunately, one out-

standing problem: The group did not reach full agreement on how to improve the organization's procedure for drafting its budget. This lack of agreement came as a serious disappointment, and it remains urgent that a solution be found. Still, the members of the group moved a long way toward a common position, and their report should provide a good basis for shaping the answer during the coming General Assembly. The Group of 18's recommendations are only the beginning of the reform of the United Nations. It will be a painful and gradual process, but it is under way at last, and a clear sense of direction is emerging. The members of the organization are making an honest attempt to turn things around — an effort that simply cannot hope to succeed if the financial rig is pulled out from under it now. Yet withheld contributions and funding cuts by major contributors threaten to do just that. The United Nations deserves the full support of all its member states at this critical time. For all its admitted limitations, it remains the finest forum we have for global understanding and cooperation. That in itself makes it indispensable. The writer, Norway's permanent representative at the United Nations, is chairman of a commission of diplomats that recently completed a review of the UN's administration. He contributed this comment to The New York Times.

IN OUR PAGES, 75 AND 50 YEARS AGO

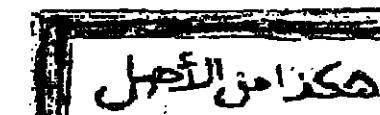
1911: Stolypin Is Shot

ST. PETERSBURG — Pyotr A. Stolypin, the Prime Minister, was shot [on Sept. 14] during the performance at the theatre at Kiev. It is feared the wound is mortal, for the lung has been perforated. The crime was committed in the presence of the Tsar and the Count. The assassin is an advocate named Bogroff, who fired at M. Stolypin with a revolver from his seat in the front row of the stalls. Bogroff was arrested immediately. This is not the first attempt on the life of M. Stolypin. On Aug. 25, 1906, a bomb was thrown at the villa he occupied on Aptekarsky Island. M. Stolypin was only slightly hurt, but 28 persons about him or waiting for an audience were killed. Three of the assassins were killed and one was arrested. An attempt was also made to assassinate him on Aug. 4, 1905, when he was Governor of Saratoff.

1936: Man and His Kin

LONDON — Man was called an "exaggerated animal" by Dr. H.H. Hawkins [on Sept. 14] in an address before the British Association at Blackpool, where 2,000 scientists are meeting. "Man," he said, "has only a claim to be unique, for he is the irrational creature in the world. Man stands revealed as an exaggerated animal. There are no activities, constructive or destructive, and no habits, pleasing or loathsome, in which man cannot outdo the most accomplished animals. The making of manure, the housing of manure, the use of promissory notes, the cinema in Hollywood." Speaking of the Impet, Dr. Hawkins said: "The Impet was ancient before the first vertebrate appeared. Its lunacy has been its salvation. If all types were frequently fixed in character, the most would long ago have inherited the earth."

How to Lesson... WASHINGTON — personally defect... Even fliers who for first class say the congested te... effects of dereg... Express, just as all soon be United... Western, but New... New York Air. He... it is sometimes a surprise... including the... there was a 10:30... La Guardia flight... and exclaimed... What is going on? Captain... For another, demo... the column is being... A flight attendant... plane. I say "hi"... around to go with... on my ends, we will... what? no... flights to free flight... airlines, including... The flight attendan... list, now perplexed... is no more... 40 splendid years... 47 billion... (in billions) through... His stimulating weat... ordinary numbers of... and only one... New Frontier is a... competition with... and Continental... Denver's Staple... 129 carriers... 1978, 133 are now... employment has a record... Because in just tw...



Prosperity in Ivory Coast Is Linked to Ties With France, but Some Lament the Cost

By Blaine Harden
Washington Post Service

ABIDJAN, Ivory Coast — In the gleaming supermarkets of this most European of African capitals, beef imported from France is sold as "beef." Meat produced here is apologetically sold under a sign that says "local beef."

The streets of Abidjan are named for French colonial administrators. There is a street for every French president since Charles de Gaulle, a street has been fashioned after the *Champs-Élysées* and there is a fancy neighborhood called the Riviera. No street is named after an African leader.

President Félix Houphouët-Boigny, whose sumptuous residences are decorated with French art and Louis XV furniture, recently ordered that the name of his country should no longer be translated. By decree, it still bears its French colonial name, Côte d'Ivoire.

Over the past quarter century,

the nation of 10 million people has been trumpeted as an "African success story." It has enjoyed one of the world's highest rates of economic growth. It now leads the world in cocoa production and is the third-largest coffee producer.

The highways are smooth and wide, the telephones work, the currency is sound and the stores are full of the kind of fancy consumer gadgetry that one rarely sees in Africa. Local businessmen say there is less official corruption than anywhere else in Black Africa.

Prosperity and devotion to things French are inextricably linked in the Ivory Coast. The post-independence adhesion of the nation to its former colonial ruler has proved extraordinarily lucrative.

While beggared countries on its borders struggle to revive economies ruined by inept governments and military coups, the Ivory Coast is politically stable, attractive to foreign investors and far too rich to qualify for handouts from such do-

ctors as the U.S. Agency for International Development.

For the Ivorian people, though, the close ties to France have not been without their costs. Many educated young people complain that Mr. Houphouët-Boigny's government has struck a kind of Faustian bargain with the French, buying national prosperity at the price of the nation's soul. The neocolonial bargain, these critics complain, guarantees the French unfair access to and control over the country's wealth.

At the same time, they say, it has neutered the country's foreign policy, making the Ivorian government far more attentive to France than to its role as an economic and political actor in Africa.

There are about 25,000 French nationals in the Ivory Coast, more than three times as many as at independence in 1960 — although the number is down by 30 percent from five years ago. The French run or help to run nearly all the important industries.



Félix Houphouët-Boigny

President Frenchmen advise the president and most of his key ministers. Last year, according to French government figures, one-

Many educated young people complain that Houphouët-Boigny's government has bought national prosperity at the price of the nation's soul.

third of the Ivory Coast's imports came from France. That figure, too, was far higher in the past. A senior official at the Ministry

of Information recently explained the international agreement that accounts for all this. "Houphouët-Boigny long ago struck a deal with the French which accorded to them priority treatment as investors, assured them of immunity from the threat of nationalizations," he said, and gave the French "the untrammeled recreation of the French lifestyle here."

In exchange, the official said, Mr. Houphouët-Boigny expected "sustained investment, assurance of security and a consistent bolstering of his international image."

For the most part, each government seems to have got what it wanted from the arrangement. French businessmen can, with no restrictions, send their profits home to France. Since the French government guarantees the value of the Ivorian currency (along with the currency of 12 other francophone African nations in the so-called franc zone), French businessmen are guaranteed that their profits are convertible to hard currency.

The Ivory Coast, with French-backed currency and French technical advice, has grown far faster than such neighbors as Ghana or Guinea. It had a 61-percent increase in per-capita income in its first two decades.

But critics say opportunities for educated Ivorians remain constricted because of French dominance in business and, to a lesser extent, in government.

Mr. Houphouët-Boigny, 80, who is serving his sixth five-year term as president and shows little interest in stepping down, makes no apologies for the French economic role. Neither does he apologize for the military support provided by French soldiers stationed outside Abidjan.

"We have no complexes about this," Mr. Houphouët-Boigny said.

Despite the emergence of the Ivory Coast as an economic power,

it has not become an influential actor in political matters concerning Black Africa. Neither is Mr. Houphouët-Boigny, one of the founding fathers of independent Africa, a leading voice in continental affairs.

Expatriate business leaders and Western diplomats disagree with the conspiratorial notion that France is somehow imposing its will on the Ivory Coast.

They say the country is calm not because the government is French-manipulated, but because the government consistently has helped trigger widespread farm-based growth.

"The reason things are quiet here is that too many people see that things work in the Ivory Coast," said one Western businessman who has lived in Abidjan for more than a decade.

"They have seen the mess their neighbors have made in the name of independence," he said. "The people here are not willing to throw it all away."

DANILOFF Confession Denied

(Continued from Page 1)

U.S. delegates had withdrawn to protest the spying charges against Mr. Danilooff, The Associated Press reported.

Among those who had withdrawn from the conference, due to start Monday, were Richard N. Perle, an assistant secretary of defense; Alan L. Keyes, an assistant secretary of state; Jean J. Kirkpatrick, a former U.S. representative to the United Nations; Robert C. MacFarlane, a former national security adviser; and Senator Bill Bradley, Democrat of New Jersey.

Journalists Disagree

There is strong disagreement among U.S. journalists about the arrangement under which Mr. Danilooff and Mr. Zakharov were placed in the custody of their embassies while awaiting trial, The New York Times reported.

Arnaud de Borchgrave, editor in chief of The Washington Times, said that the arrangement gave Moscow "a license to go on spying with impunity."

But Benjamin C. Bradlee, executive editor of The Washington Post, said that "the alternative is to let him rot in jail while you stand on principle."

Those who opposed an exchange, even as a last resort, said they were basing their opposition on a mixture of principle and pragmatism. They argued that the exchange invited the seizing of a journalist as hostage whenever a Soviet spy suspect was arrested.

Howard Denies Spying

Edward Lee Howard, a dismissed CIA employee who defected to Moscow and last month was granted political asylum, said Sunday the Soviet Union was "the target No. 1" for the CIA, Reuters reported from Moscow.

Mr. Howard, 34, recounted his experiences as a CIA officer in the Soviet section from 1961 to 1963. He said he had been trained to act as a contact with Soviet citizens working for the United States and to recruit new agents, but that he had never done anything that would put the national security of the U.S. in danger.

Suggestions that he had been working for Moscow before defecting were a slander, he declared.

DIAMOND: MARKET: Selling Prompted by Computers Led Wall Street's Plunge

(Continued from Page 1)

research institutions sharing in the contract are the Research Triangle Institute of Durham, North Carolina, North Carolina State University and the Lincoln Laboratory of Massachusetts Institute of Technology.

Several diamond-coating processes are under study, but most of them make use of methane, the main constituent of natural gas. The methane molecule consists of a single atom of carbon surrounded by four hydrogen atoms.

"What these processes do," said Dr. Russell Messier of Penn State, "is to strip away the hydrogen atoms from the methane molecules, allowing the remaining carbon atoms to link together as they are depositing on the object being coated. Carbon ordinarily crystallizes in the form of graphite, but by controlling the conditions, we get it to crystallize in virtually 100 percent diamond form."

House: No Certain Losers

(Continued from Page 1)

was in 1934, when Franklin D. Roosevelt was in his first administration. The Democrats gained nine seats that year.

A key reason why the House Democrats cannot expect large gains this year is that they survived the 1984 Reagan election landslide remarkably well.

When Mr. Reagan was first elected president in 1980, he helped the Republicans pick up 33 House seats. The Democrats won back 26 seats in 1982 and then lost only 14 in 1984.

As a result, officials of both parties said, there is a far smaller "midterm correction" to be made this year, since few Republican freshmen are up for re-election.

In only two states, North Carolina and Texas, did Mr. Reagan's 1984 landslide sweep in a substantial number of Republican House candidates. With four freshmen Republicans running in North Carolina and six in Texas, the two states have become the major battlegrounds, although in Texas not all the first-term Republicans are vulnerable.

The Democrats' best hope this year is that concern over the state of the economy will grow, Mr. Franks said.

"Does the economy become a top concern on Nov. 1 or Feb. 17?" asked Mr. Franks. "If it happens on Nov. 1, it will have a profound effect on the elections."

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MARKET: Selling Prompted by Computers Led Wall Street's Plunge

(Continued from Page 1)

shorter period than I have been had to be amazed by the action," said Gene Jay Seagle, 70, director of technical research for Gruntal Inc., a brokerage firm.

The fears over interest rates are rooted in the enormous U.S. budget deficit, estimated at \$230 billion for fiscal 1986, and the question of how it will be financed.

Government borrowing of that magnitude can impose powerful upward pressure on interest rates. In recent years, however, the burden of financing that deficit has been eased by an influx of investment funds from abroad, attracted not only by the promise of the growing economy but also by higher interest rates than those that prevailed abroad.

This strong foreign demand for U.S. securities helped hold down U.S. rates, giving further impetus to the economy.

But the foreign demand also left the U.S. economy hostage. The Federal Reserve Board, presumably interested in bringing down interest rates to spur the slowing U.S. economy, has had to make sure that rates nevertheless stay high enough to remain attractive to investors abroad.

This restraint became all the more important as the dollar weakened dramatically, sapping the value of foreigners' dollar-denominated holdings.

Thus, the Federal Reserve, the U.S. central bank, has sought to persuade West Germany and Japan to lower their interest rates in step with the United States.

When neither of those major trading partners did so in recent weeks, despite nagging by Paul A. Volcker, the Federal Reserve chairman, the financial community began to worry that the Federal Reserve might make no further rate reductions.

In addition, the firming of oil prices revived fears of renewed inflation. For weeks, gold prices have been climbing, one sign of this nervousness over inflation.

That was the economic backdrop as stock traders came to their offices Thursday morning.

They were met with a big jump in interest rates abroad, and then in the U.S. bond markets. The first

MARKET: Selling Prompted by Computers Led Wall Street's Plunge

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cracks appeared when the higher interest rates immediately dragged down the price of futures contracts for stocks.

Contracts such as the Chicago Mercantile Exchange's S&P 500 Stock Index future, introduced four years ago, allow investors to buy bundles of stocks without having to buy individual shares.

The price of the Standard & Poor's index contract generally moves up and down with the value of the 500 stocks in that index. That

The computer programs all react at the same time and buy or sell millions of shares. Thus, they usually have a big impact, catching the average investor in the tide.

is because, when the contract expires, an investor who bought the contract can collect those 500 stocks, or their cash equivalent, from an investor who had sold that contract prior.

But prices for the futures contracts react to changes in the outlook for the economy much faster than stock prices do.

Futures traders focus more on trends, such as where the economy will be in six or nine months, than on the circumstances of an individual stock.

This means the price of the futures contract can be something other than merely the arithmetic total of the 500 stocks that make up the index. That difference, usually slight, nevertheless opens an opportunity for profit.

In rough terms, the index-futures contract and the 500 underlying stocks are the same thing at two different prices.

Wall Street makes money by buying the cheaper version and selling the more expensive. It keeps constant track of the stock and futures markets with sophisticated computer programs.

It begins selling shares of the 500 stocks, and buying the index futures contract, whenever the price of the futures contract falls low enough to make the futures attractive and stocks unattractive.

Large Wall Street brokerage firms, insurance companies and others managing large pools of

MARKET: Selling Prompted by Computers Led Wall Street's Plunge

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money do this in enormous volume, devoting huge sums to reap a relatively small, but riskless, profit.

The technique, known as program trading, needs only a split-second decision when the computer signals an opportunity.

That is what happened Thursday, and again Friday. When the index prices dipped relative to the value of the underlying stocks, the institutional buying programs were set in motion, sending out instan-

The computer programs all react at the same time and buy or sell millions of shares. Thus, they usually have a big impact, catching the average investor in the tide.

aneous orders to buy futures contracts and sell stocks.

International Business Machines Corp., General Motors Corp. and dozens of other big blue chip stocks typically included in these calculations started falling.

The buying or selling programs all react at the same time to the same imbalance, and buy or sell millions of shares. Thus, they usually have a big impact, catching the average investor and even smaller institutions in the tide.

Interest rates did turn downward Friday morning, but it was not enough to pull the stock market back up. The Dow Jones index still fell 45 points in the first hour as trading programs left over from the day before carried out additional selling.

Defenders of the commodity approach to stocks say the disruption is not that great.

They point to studies showing that volatility in the stock market is no greater today than it was 10 years ago, and add that their programs account for only 10 percent to 15 percent of activity.

More important, they say, the programs are only set off by outside forces, in last week's case, the sharp and unexpected rise in interest rates.

Few would argue that program trading was completely to blame for last week's plunge. Most would agree that other forces contributed.

MARKET: Selling Prompted by Computers Led Wall Street's Plunge

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Higher interest rates, for example, make other investments, such as bonds, certificates of deposit and even money market funds, more attractive than they have been.

Higher rates also make it more expensive to borrow funds to buy stocks, a practice known as margin buying that accounts for a substantial portion of the purchases that are made.

Another factor was that Wall Street was in a good position to overreact.

Over the past four years, while the Dow index has climbed to more than 1,900 from 776, investors have watched their investments grow by billions of dollars. They cannot collect these profits, however, until they sell their shares.

When uncertainty grows over the stock market's prospects, investors often choose to cash in their holdings and take what profits they can, rather than watching them erode.

Timing may have played a role in the computer program trading, too. Stock-index futures contracts expire at the end of each quarter, in this case, next Friday.

At that time, the price of the contract and the price of the underlying stocks must become equal, and big investors must exit from those maturing contracts by that date.

But while program trading would ordinarily have been expected to move the markets sharply on that date, some of the trading may have been moved forward to last week because of pressure from the Securities and Exchange Commission.

Earlier last week, in an effort to prevent unsettling volatility in the market, the agency said it would crack down on last minute unwinding. Some Wall Street experts think the unwinding process began last week.

As for the economy, many experts still consider it the most important factor in determining how the stock market should be valued.

"Interest rates cannot go down much more," said Allan Sinai, chief economist with Shearson Lehman Brothers Inc., the brokerage firm. "But the fears of too much growth, and too high inflation sending interest rates soaring are way overblown."

MARKET: Selling Prompted by Computers Led Wall Street's Plunge

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PARIS: Visas Required

(Continued from Page 1)

Mr. Chirac included the deployment of 1,000 soldiers along France's land, air and sea borders to reinforce frontier controls.

The new visa regulations will be in force Monday, Mr. Chirac said. The measures announced followed a meeting earlier Sunday, chaired by Mr. Chirac, of the government's internal security council, including Interior Minister Charles Pasqua; Security Minister Robert Pinault; Foreign Minister Jean-Bernard Raimond and Justice Minister Alain Chabat.

The visa regulations marked a dramatic shift away from France's open border policy of the past few years.

They will apply to citizens from the United States as well as many Middle Eastern countries who were previously able to enter France with few border formalities.

Acknowledging that the visa restrictions would cause inconvenience, Mr. Chirac asked for the understanding of foreign governments. He said that the new regulations were designed to make it more difficult for terrorists using false passports to enter France.

Political analysts said that the new anti-terrorist package reflected the conservative government's embarrassment over the bomb attacks.

Promises to strengthen law and order formed a central plank in the right's successful election campaign in March.

Describing the campaign against terrorism as a "war," Mr. Chirac said several times that "those who manipulate the terrorists will be made to pay the highest price."

He said that the French secret services would be used to track down terrorist organizers and pointedly refused to comment when asked if this meant that the government would approve clandestine assassinations in certain circumstances.

In its latest statement to foreign news agencies in Beirut on Sunday, the solidarity committee said the French government would "soon find out that we will not give into any threat."

The two policemen involved in Sunday's blast had been called to the Pub Renault, a popular café behind Renault automobile showrooms, on the Champs-Élysées to inspect a suspect package.

The package exploded when the policemen and a waiter carried it down to a basement.

Police sources said the device was similar to one that killed a woman and injured 18 other persons at a post office in Paris's city hall Sept. 8, they said.

There was no immediate claim of responsibility for the blast.

October 1986

23 Thursday 24 Friday

oil and money conference. London

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AQUINO: Philippines Leader Is Still Popular but Plagued by Problems

(Continued from Page 1)

cal party, and some supporters fear that this disdain for politics will further undermine the effectiveness of her government when Filipinos vote in local and legislative elections scheduled next year.

In effect, she is abandoning the political leadership, and this will have very dangerous repercussions in congress," said the mayor of a large provincial city. "Being an apolitical person, she cannot conceptualize the need for a political organization to support her presidency. The dynamics of governance are not perceived by her. She expects people to follow her because she has good intentions."

In contrast to the directionless drift that is widely attributed to the Aquino government, Communist rebels and their leftist allies have emerged as the only unified force with a clear, common goal. The left has recovered, both rebel and military sources agree, from the isolation and disarray it displayed immediately following the Feb. 22 uprising that brought Mrs. Aquino to power.

After a period of "self-criticism and rectification," including leadership changes, the outlawed party and its armed wing, the New People's Army, have adjusted their strategy and appear again to be making headway in their 17-year "people's war."

Elements of the country's 250,000-member armed forces, meanwhile, appear to be growing increasingly frustrated with what they see as the Aquino administration's naive approach to the insurgency and Communist influence in government.

Some officers close to Defense Minister Juan Ponce Enrile, the Philippines' leading anti-Communist crusader, openly discuss the prospect of staging a military coup sometime in the future if the government's perceived leftward drift becomes intolerable.

"If Cory Aquino is seen as continually being soft on Communism to the point they become too strong, she will have to contend with a military that is very agitated," said a member of an armed forces reform movement that spearheaded the revolt against Marcos.

"If the military has to launch a corrective movement, I don't think it will be bad for the Philippines," he added. He said there would be "no martial rule" and that the military

would "just kill a few" Communists.

The economy, so damaged by the "crony capitalism" and outright plunder of Mr. Marcos' 20-year rule, has shown signs of improvement. But there is widespread concern that the gains may be too small and come too slowly to resolve some of the underlying causes of the insurgency.

Contributing to this concern is the realization that the United States, for all its good will toward the Aquino government, will apparently prove incapable of supplying the huge amount of aid that many here had hoped would amount to a Marshall Plan for the Philippines.

Part of the problem is that businessmen are reluctant to invest because of uncertainty arising mainly from the Communist insurgency. But uncertainty is undermining the insurgency depends largely on an economic turnaround, which requires business confidence and new investments.

A major worry for the business community has been the wave of strikes it has suffered since Mrs. Aquino assumed the presidency and installed a leftist human rights lawyer, Augusto S. Sanchez, as labor minister.

Many of the strikes have been called by the militant Kilusang Mayo Uno, or May 1 Movement, a labor federation dominated by the Communist Party. So far this year, the Labor Ministry has recorded 428 strikes, a figure that already exceeds the 371 called in 1985.

Another source of trouble for the Aquino government is the Constitutional Commission, a 48-member body appointed by Mrs. Aquino in May to draft a new constitution that will pave the way for local and legislative elections, probably early next year.

The commission, beset by bickering and long debates between a minority leftist bloc and a more conservative majority, has missed an informal Sept. 2 deadline set by Mrs. Aquino for completing its work. In the process, it has delved into areas that some critics feel would be better left to a legislature, such as setting the ratio of foreign equity in business enterprises.

According to a cabinet minister and other political sources, the commission may already have thrown a major obstacle in front of the Aquino government by passing a provision for a bicameral legislature consisting of a nationally elected Senate and a House of Representatives elected by district.

Perhaps the most divisive factor in the Aquino government has been the appointment of "officers in charge" to replace the 74 governors, 60 city mayors and 1,520 town and village presidents elected or appointed under the Marcos government.

The appointments have been the responsibility of the minister of local governments, Aquilino Fimintel Jr., a former mayor who was once imprisoned by Mr. Marcos on subversion charges for allegedly helping Communist rebels.

Mr. Fimintel is a leader of the FDP-Laban party, a left-of-center group headed by the president's brother, Jose Cojuangco.

Members of the United Nationalist Democratic Organization, a rival party known as UNIDO and headed by Vice President Salvador H. Laurel, has accused Mr. Fimintel of appointing a disproportionate number of his own party members as governors and mayors to further his own presidential ambitions.

All this raises the likelihood, according to political analysts, that the FDP-Laban will line up in the next elections with the newly formed Right of the People party, which is essentially a legal Communist party put together by Jose Maria Sison, the founding chairman of the Communist Party of the Philippines, and Bernabe Buscayno, the original leader of the Communist New People's Army.

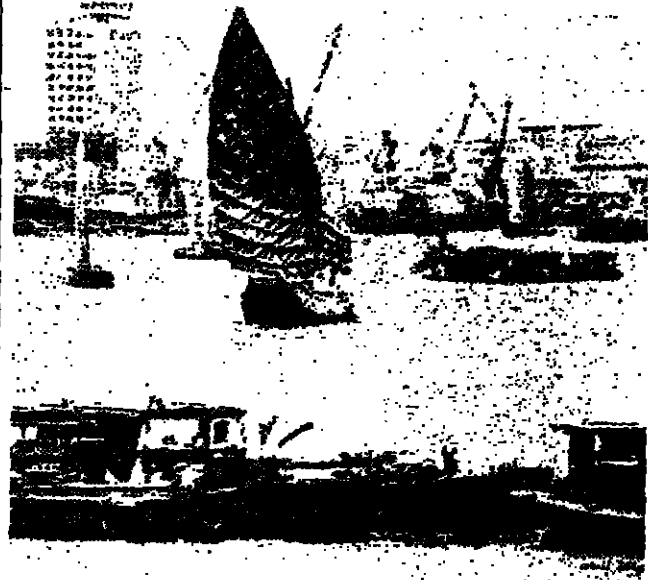
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CHINA

Beyond Beijing: "Growth Nodes" Bright Spots in China's Economy



Busy Shanghai port scene. Recently the city and its surrounding area have been the source of much economic growth for China.

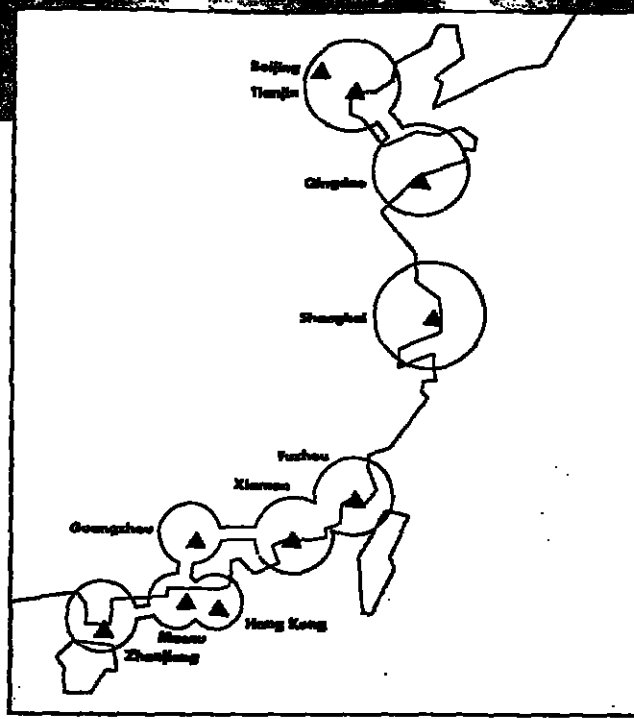
the city of Xian), but these first three are, for the moment, where the action is. They have problems, but the momentum of development in them is strong.

Hainan-Fujian Axis

It is easy to see why the Hainan-Fujian axis is lively. The foreign enclaves of Hong Kong and Macau are natural windows on the world. Vast amounts of Hong Kong investment have poured into this area, from tiny, informal trading units to giant multi-lane freeway projects and a controversial nuclear power station. Of all the foreign investment in China since 1979, 80 percent is from Hong Kong and Macau.

However, the south coast is not without problems. The search for oil offshore has not been successful. From the Vietnam border to the Taiwan Strait, only one gas source of commercial exploitation size has been found. Therefore a lot of the hopes for development in the port of Zhanjiang, facing Hainan, and in the Zhuhai Special Economic Zone, bordering Macau, may have been over-optimistic.

There are, however, other possible resources. Semi-tropical produce such as sugar and rubber, and the development of good beach areas in Hainan and



Foreign investment has blossomed recently in China's "growth nodes."

Zhuhai, still beckon (there is already a golf resort in Zhuhai). Total production on Hainan is soaring (last year, 85 percent over 1980), with rubber, sugar cane, fish-farming and forestry in high gear. Previously sleepy little island ports now ship goods regularly to Hong Kong.

Shenzhen's Problems

The Shenzhen zone north of Hong Kong has proved economically disappointing so far. Net foreign-trade income does not seem to be flowing in very fast. But massive infrastructure and much domestic activity has been generated, more quickly and enthusiastically than had been planned, and so the spin-off of foreign income is perceived as having been delayed. The fact is, however, that

the Shenzhen and Zhuhai zones are part of a natural growth node which takes in Guangzhou (Canton), with its industrial satellite Foshan and its export processing and distributing area along the Pearl River, and most of the whole province of Guangdong itself.

For these to prosper, food is drawn in from the surrounding area, as well as labor, finance and entertainment — not all from foreign sources. It is too good an opportunity for outside farmers and laborers and traders to miss, and so they pile into the ghetto to earn local money, and build up local-market activities, whether the authorities like it or not.

Fujian's Two Ports
In Fujian Province, to the east,

the original plans were to form export zones in both Xiamen (Amoy) and Fuzhou (Fochow). But Fuzhou's port, the centuries-old center of the tea trade, has long silted up; the cost of dredging enough to make an export zone would be prohibitive.

Thus, attention is concentrated on Xiamen, also an old-time tea and porcelain port with well-preserved relics of the European connection. On one of its islands, an export zone is growing fast, and much foreign finance from Japan, Indonesia, Malaysia and Hong Kong is being directed there. The problem: road and rail connections badly need rapid modernization and extension.

It is a sign of the political changes that, only a few years ago, the development of the Fujian coast was prohibited. The entire region facing Taiwan was a forbidden zone: shells were lobbed across the waterway in what came to be a somewhat farcical arrangement (each side took alternate periods, and the explosive shells gave way to canisters of propaganda leaflets). Today, within sight of Quemoy, with its Nationalist forces, Fuzhou is an open city.

Top-dog Shanghai

Shanghai and its environs should have taken off when China's trade doors were opened after 1979: fifty years

Sinking Investment Spurs China Outward

China's exports looked brighter in the first six months of this year, but foreign direct investment is flowing in more slowly. It is down 20 percent in the first half of this year, during which 300 joint ventures involving equity capital, 250 ventures involving contractual work, and ten foreign wholly owned enterprises were approved. Domestic investment, meanwhile, has gotten somewhat overstretched.

The reason: concern on the part of both foreign and Chinese negotiators that foreign exchange problems could affect operations for some time. The Bank for International Settlements calculates that China's net foreign assets are down from a peak of U.S. \$12.7 billion to about U.S. \$2.3 billion. The fall, however, also includes an outward thrust for China into the fields of global banking, lending and borrowing. The country's merchant banking organs are becoming active abroad, and some foreign reserves have been spent on property and other development in foreign countries. (This includes the rescue of some failed Hong Kong industries and banks.) Therefore the foreign-asset shrinkage is not all sunk irretrievably in consumption spending.

China's financial sector is rapidly becoming more sophisticated, as the merchant banking initiatives show. Demonstrating this are three more very recent indicators:
● Fujian Province plans to raise U.S. \$50 million by means of floating-rate notes with at least ten-year maturity, perhaps at a small percentage point above the London Interbank Offered Rate (LIBOR). Banking groups in Hong Kong and Singapore are being approached to arrange the borrowing.
● China's first stock exchange (more properly, a bond exchange) has opened. It is in Shenyang, in the northeast. Investors are limited to buying and selling state-corporation bonds, and no foreigners may deal as yet. Shanghai has been aiming at an exchange which may include equity dealing.
● China has experienced its first bankruptcy. A group of state factories were put on notice that unless they improved production and profits, the plant could be closed and the top staff dismissed, while the assets were reorganized for a whole new management. This event would have been unthinkable under the Mao "iron rice-bowl" philosophy. One factory failed to improve, and was duly re-arranged.

(Continued on Page 10)

the Cost

It has not become an influential actor in political matters concerning Black Africa. Neither is it a founding father of independent Africa, a leading voice in continental affairs.

Expatriate business leaders and Western diplomats disagree on the conspiratorial notion that France is somehow imposing its will on the Ivory Coast.

They say the country is easily manipulated, but because the French government consistently has helped trigger widespread farm-based growth.

The reason things are quiet here is that too many people see the things work in the Ivory Coast. One Western businessman who has lived in Abidjan for more than a decade.

"They have seen the mess the neighbors have made in the way of independence," he said. "The people here are not willing to do it all away."

Visa Decision Takes Airlines in U.S. by Surprise

WASHINGTON — Prime Minister Jacques Chirac's announcement Sunday that foreigners, including Americans, now need visas to enter France took airlines by surprise.

Ticket agents handling flights from the United States to France on Sunday said they had been given no new instructions about the new visa system. Flights leaving Sunday morning were due to arrive in France early Monday, after the new visa rules were to come into effect. Trans World Airlines said it was loading its flights as usual.

In Paris, details were not immediately available about how the new system would be implemented.

An Interior Ministry official said that his office, responsible for border checks, would have some indication by early Monday morning about how to carry out the new policy.

"All we know so far is what we heard the prime minister saying on television news," the official said.

The U.S. Embassy in Paris, apparently had no advance notice of France's crackdown at the borders.

"None of our diplomats I've been able to reach know anything about it," an embassy spokeswoman said.

PARIS: Visas Required

(Continued from Page 11)

Mr. Chirac included the deployment of 1,000 soldiers and France's land, air and sea forces to reinforce frontier controls.

The new visa regulations will be in force Monday, Mr. Chirac said.

The measures announced followed a meeting earlier Sunday chaired by Mr. Chirac, of the government's internal security committee, including Interior Minister Charles Pasqua, Security Minister Jean-Pierre Paturel, Foreign Minister Bernard Ramond and Justice Minister Alain Chabat.

The visa requirements mark a dramatic shift away from France's open border policy of the past 10 years.

They will apply to citizens of the United States as well as to Middle Eastern countries who were previously able to enter France with few border formalities.

Acknowledging that the restrictions would cause inconvenience, Mr. Chirac asked for a understanding of foreign governments. He said that the new regulations were designed to make it more difficult for terrorists and false passport holders to enter France.

Political analysts said that a new anti-terrorist package reduced the conservative government's harassment over the bomb attacks.

Promises to strengthen law and order formed a central plank of the right's successful election campaign in March.

Describing the campaign against terrorism as a "war," Mr. Chirac said several times that "terrorists manipulate the terrorists and made to pose the highest price."

He said that the French services would be used to bring down terrorist organizers and pointedly refused to comment when asked if this meant the government would approve of "destine assassinations" in certain circumstances.

In its latest statement to the news agencies in Beirut on Sunday, the solidarity committee said the "French government would not find out that we will not give any threat."

The two policemen involved in Sunday's blast had been riding the Peugeot Renault automobile when the Renault Renault automobile exploded, on the Champs-Élysées, in a suspect package.

The package exploded when the policemen and a water carrier

down to a basement.

Police sources said the blast was similar to one that killed a woman and injured 18 others in an office at a post office in Paris on Sept. 5, they said.

There was no immediate claim of responsibility for the blast.

Well-cultivated in China



All eyes are on China. It's a land of vast resources and tremendous opportunities. With an attitude towards trade and contact with the rest of the world that has changed radically in recent years. However, a great deal of experience and understanding are necessary to do business successfully in China.

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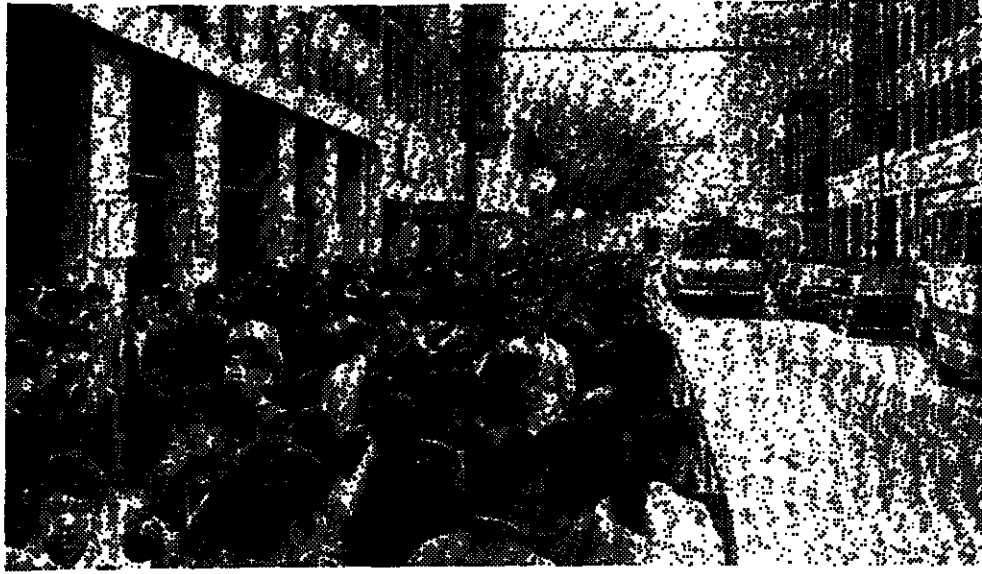


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A Century of Growth For Hong Kong Bank



The Hong Kong and Shanghai Bank has enjoyed a stable, continuous relationship with the bustling port city of Shanghai since the middle of the 19th century.

When it comes to banking experience in the Chinese economy, the Hong Kong and Shanghai Bank is prominent. It was founded in 1865, an active era in the development of commercial law and practice. It was in the mid-1860s that the body of great corporate law was established in the West, regularizing easy formation of companies and the universal right to limited liability.

and the transmission of funds, but with research and information. It swiftly became a leader in the burgeoning Far East trade. The late 19th century in China was a turbulent era, under the decaying Qing dynasty, and changes began as the 20th century arrived. The republic of Sun Yat-sen and Chiang Kai-shek ushered in a period of two world wars and the rise of militarily nationalistic pressures from many quarters.

quarters was temporarily transferred to London (and up to the Mao period beginning in 1949). In a sense, the link with Shanghai has never been broken. Even after 1949 its office never closed there, although it was eventually moved from a grand building round the corner to what had been a German consulate in a back street. Small staffs were maintained, and regularly renewed, all through the Mao years, although their work was confined to guarding many safe deposit boxes of old customers and keeping the premises in order.

Much happened meanwhile to the bank itself. It was after 1949 that Hong Kong grew to become the world manufacturing, trading and commercial power it is now, and the bank prospered. It now has over 300 branches in the colony alone, and is the leading banknote-issuer and deposit-holder. (Hong Kong has no official "central bank". The roles of such an institution are effectively shared by government departments, two commercial banks — one of them being the Hong Kong and Shanghai — and a banking association.)

With the opening of China's doors once more to foreign finance and communications in about 1979, the Hong Kong Bank (as it is known now) has revived many of its old Chinese roles, including the research, information and contract functions. It offers the broadest representation of any foreign bank in China; however, it is far from being in a monopoly position. Such a thing is against the commercial ethos of Hong Kong, which thrives on open competition, nor is it in the interest of China. But it has accepted the challenge of being an "old hand" at the China game.

It has now seven fully-operating offices in China: four representative offices in Beijing, Tianjin, Guangzhou and Wu-

han, and three branches in Xiamen, Shenzhen and (of course) Shanghai. The latest initiative has been the opening of the Tianjin office, in the port city which serves Beijing and which has an energetic city management in its own right.

Wuhan is a giant "conurbation" in central China; Xiamen is the old Amoy, on the burgeoning coast of Fujian province; Shenzhen is the brand-new "special economic zone" city, just across Hong Kong's border, built from a dull, marshy farming area into a rickety high-rise metropolis in only a few years. Guangzhou is the old trading city of Canton.

Last year the bank formed a special subsidiary company, Hong Kong Bank China Services Ltd., as a separate profit center supplying advice and research, as well as financing arrangements and other contacts. Newcomers to China trade often start with this channel (the office is in the new bank headquarters in Hong Kong).

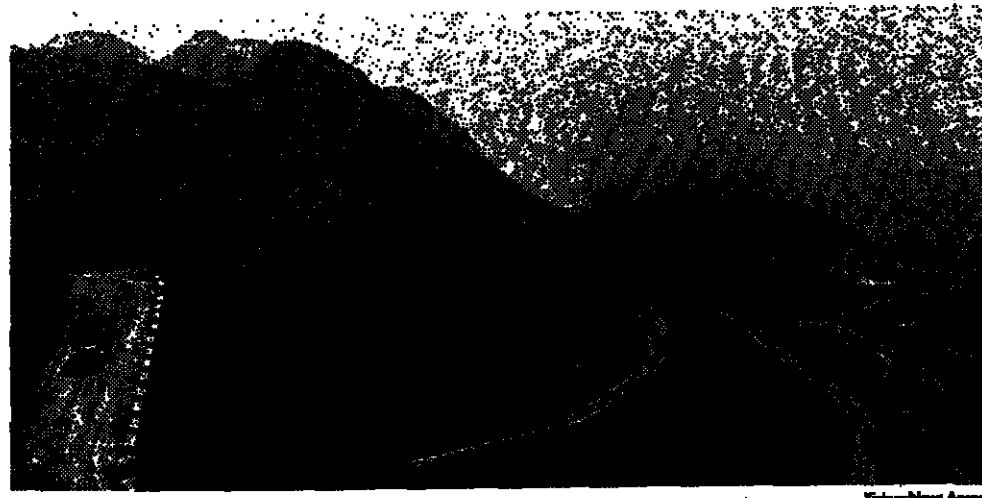
Asian Hotels Thrive, Holiday Inn No Exception

Hotel development in the Asia-Pacific region has been rapid over the past decade, and the Holiday Inn chain has been at the forefront of the development. It is now the largest chain in Asia, with 25 hotels offering 7,000 rooms in ten countries.

In Xiamen the Holiday Inn will be aimed at the business traveler as well as the foreign tourist, because a special economic zone is being developed in that city. In Xian, the Holiday Inn is mainly tourist-oriented, because near that city is the recently excavated giant tomb of an emperor of 2,000 years ago, surrounded by thousands of terra cotta figures of horses and warriors.

Perhaps the most colorful of the chain's Asian projects is a 500-room hotel in Lhasa, Tibet. The contract was signed in May this year, and was the first international cooperative industry contract signed by Tibet.

Economic Expansion Rides On Infrastructure Overhaul



Crucial to China's continued growth is the construction and upgrading of millions of miles of roads.

A few years ago a project manager in Asia, standing in muddy boots in his prefabricated site office, was asked what he thought was the key element in the success of a project in a developing country.

In more technical terms, what he meant was that projects often stand or fall by the logistics and the infrastructure — getting people and goods in and out with certainty and at low economic cost. This is particularly true in China. One of the most serious failures of the Mao period was its neglect of communications, internal as well as external.

Now China must upgrade millions of miles of roads, railways, packaging and storage capacity, manufacture or purchase vehicles for land, sea and air, and the modernize radio and telephone links country-wide and in space. A small selection of projects, for coastal development alone, are:

- The rail-crossing from Hong Kong into China, previously the sole, and very restricted channel, has been modernized into a large customs facility. Eventually the rail system will be dieselized or electrified by stages into the whole Chinese system.
- At sea, hovercraft and jetfoil services now run into China regularly. The coastal shipping services along the coast from Hainan to the Taiwan Strait are being rapidly extended and modernized. The beginnings of sophisticated container-handling equipment are being installed at various ports.
- The coastal road, running from Fuzhou along to Shenzhen, long neglected, is now a busy highway, to be connected with a railway spur. Shenzhen may have its own port area soon.
- Links with Hong Kong are increasing fast. On land, a third crossing into China has started; ground has been broken for two bridge-roads across the

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organization and preparation for the second decade, which is to be a period of rapid progress. The economy is anticipated to grow at an average annual rate of seven percent over the entire twenty years, and an average per capita income of U.S. \$800 (at recent price levels) for the nation is the target for 2000.

China's long-term economic policies are formulated by the government at the behest of the [party consultative body]. Detailed planning is effected by the State Planning Commission, a body directly under the State Council, mainly in the form of five-year plans. The end of Sixth Five-Year Plan (1981-1985) — the first ever to be made available in detail to the world at large — and outlines of the Seventh Plan (1986-1990) have been announced.

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An indication of the importance of shoe design in China's Guangdong province is that China's National Arts & Crafts branch in Guangdong has responsibility for the manufacture and export marketing of a range of regular and casual shoes. Guangdong Arts & Crafts makes modern shoes for everyday wear and also sports shoes; gym shoes; rubber shoes; plastic shoes and shoes with beaded and embroidery designs.

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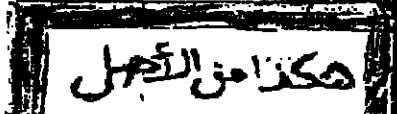
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- Shortages in the supply of power
 - Strains on transportation
 - Swiftly rising consumption funds
 - Too much fixed-asset investment
 - Rapidly rising prices of some commodities
- The policy is one of progress with caution and its success will be vital to the nation's modernization.
- As for the role of Hong Kong, the bank notes:
- Hong Kong plays a unique role in China business:
 - Over 20 percent of China's total world trade flows through Hong Kong.
 - Hong Kong is China's largest export market.
 - A very high percentage of China's total foreign investment is directly attributable to the Hong Kong business community.
 - Almost every province, region and municipality in China now has a resident representative office in Hong Kong.
 - Most major P.R.C. Foreign Trade Corporations have subsidiaries, joint ventures, representative offices, agents or distributors in Hong Kong.
 - Hong Kong has the most extensive air service network and communications links with China. Special visa arrangements, available only in Hong Kong, make travel to the P.R.C. most convenient.

Nuclear Sparks

China's first small civil power station, at Qin...



GROWTH NODES (Continued From Page 7)

ago, Shanghai was a world class port.

But Shanghai has developed haltingly. Part of the reason is that the influence of the previous radical-left elite, with Mao Tse-tung's wife Chiang Ching as its leader, has been overridden only slowly.

But as the momentum of development accelerates, Shanghai may well accelerate its growth. Some pessimistic analysts of Hong Kong's future say that the situation might return to that of fifty years ago; that Hong Kong could shrink—but this is not likely.

From Shanghai, the river is navigable by large vessels up to Nanjing, which is opening up fast. Nearby cities such as Ningpo are being given a shot in the arm by Hong Kong finance. Suzhou, famous for its fine houses and gardens is an-

Shanghai residential complex.

other growth sub-node on its own. Shanghai's famous "bund," the river area, is reviving some of its old connections (The Hong Kong and Shanghai Bank's office, which shrank during the Mao period, has blossomed again). Hotel and airport development, too, are thriving.

Tianjin (Tientsin), the outpost for Beijing during the imperial centuries, has sprung into action recently, led by a group of local leaders imbued with free-market philosophy.

They contacted old friends and relations in Singapore and Hong Kong, and set up contact offices. One of the movers and shakers was Wang Guangying, the first person to establish an independent Chinese company abroad since 1949, and to start traveling and trading (in practice, the company, called Everbright, is backed by the State Council in Beijing).

Tianjin's lead was swiftly followed by Qingdao, a former German settlement (hence its good beer) round the corner of the Shandong peninsula. With its own lush hinterland, and some folk-memories of foreign trade, that city is now marketing itself seagoingly.

But it isn't accurate to say that parts of China are going off on their own, setting up their own marketing systems and competing with one another.

In Hong Kong now there are many offices scattered round the territory, where representatives of various provinces, cities and central trading institutions can be met. Many functions of these new units, such as advertising, entertainment, and financial searching, are carried out as if they were private-enterprise corporations. But at some point, of course, they are not their own masters: they have to consult up the hierarchy, depending on how big and of what character the possible trade or project is.

More accurately, these growth nodes can be called a "mixed economy," seeking to gain the advantages of both private and public enterprise. Businessmen visiting Hong Kong might well consider first going to see the Foshan people, or the Fujian Province people, or the people who want to trade Shandong foodstuffs. Not everything is ruled from Beijing.

Hua Ting Sheraton Sets Shanghai Standards



Presenting a strong architectural contrast to more mainstream Shanghai structures, such as the one in the foreground, the Hua Ting Sheraton is the city's first new hotel in many years.

Only a few years ago, the likelihood of a 1,020-room modern hotel (with a Western-style business center and even a disco) for Shanghai was remote. But it opened this year—the first new hotel in that giant city for many a decade.

The Hua Ting Sheraton Hotel is managed by the global Sheraton chain. Its manager is Walter Vickers, an Englishman of considerable international experience. His career is an example of the great changes that have come over hotel-keeping in these last thirty years, since the development of the jet airliner and the group tour.

Born in Durham in Northern England, Vickers' first hotel post was at the Imperial Hotel, Torquay in 1951. Next, he went to the Bahamas, to manage the Balmoral Club. The development of high-rise hotels in global chains then was still on the horizon. Mass air-travel was not yet dreamed of; the Bahamas were then only a winter resort for the well-to-do. From the Caribbean he moved to the United States,

working for the Hotel Corporation of America for 13 years, in Boston, Maine and Georgia. By 1968, he was back in England, managing the Carlton Tower, the first new hotel in London after World War II.

By that time, hotel-keeping had become a new industry. The hotels were much bigger; they required professional management of international experience. Hotels now could have as many as six specialist restaurants, and thus needed many multilingual cooks, housekeepers and food and beverage managers. To meet managerial needs, a highly skilled corps of very cosmopolitan managers arose. But changes came hesitantly. "In those late 1960s, we opened a special 'American Rib Room' in the Carlton Tower," said Vickers, "and it was then regarded as an experiment in London."

Then back to North America—to Toronto to manage the Westbury Hotel in the Knott group. There he connected with the Sheraton group, then embarking on international projects. In succession he managed the opening of what became Sheraton's London Airport Hotel, then of the Sheraton Park Tower in Knightsbridge, West London.

He has now been with the Sheraton group since 1977, managing hotels in Bombay, Delhi, London, and now in Shanghai.

Like all hotel managers these days, Vickers has been through the wide range of practical experience which the profession requires—he has kept books, organized personnel, waited on tables, run the wine-cellar and even washed dishes, on his way up to deputy manager.

Looking back on his long career, Vickers noted: "The demands of the guests, and of hotel operations, are now quite different from 30 years ago. Hotel-stays used to be a rare luxury. Travelers stayed much longer then. Some even brought their own servants with them,

and special guest-staff rooms were set aside."

Shanghai, which once enjoyed great trading power, was allowed to run down during the Mao years. Now the central government, and the city administration, are trying to catch up. Fresh transport and trading facilities are being built, including a new railway station with seven platforms and express passenger services which will open next December.

The Hua Ting Sheraton Hotel is in southwest Shanghai, on an artery road leading to the airport. It is on a newly-developing side of the city, where a high-technology "clean-industry" suburb is being built, plus an embassy enclave and other new hotels.

The Sheraton will serve the whole spectrum of travelers, from the tour group to the "independent traveler" and the businessperson. A separate "club-like" Tower section, catering for the top of the market, is planned soon.

Recreational facilities include tennis, billiards, a four-lane bowling alley, swimming pool, and sauna.

There is a bank of eight elevators, of which two are "bubblers" outside the building, giving vistas of the city. Rooms have mini-bars, refrigerators and TV, with local channels

and patisserie shop. The special staffs (chefs, head waiters, junior managers, etc.) have been recruited from many countries—the United States, Britain, Switzerland, Austria, Greece, Hong Kong, Singapore, Australia—and they in turn train local staffs.

The equipping of a hotel is now also an international affair. The Hua Ting has ten-pin machines and telephones from the U.S., kitchen equipment from Japan, silverware, glassware and tableware from West Germany, Switzerland and Italy, carpeting from Hong Kong and granite facings from India. The architecture, construction and carpentry for the building itself, of course, are all Chinese.

The planning of the Hua Ting reveals an aspect of world hotel development which may surprise some people. The hotel industry, contrary to some belief, is not becoming monolithic, with identical concrete boxes and standardized rooms all over the world, Vickers said. Instead, it is fragmenting and specializing, some hotels emphasizing sports and recreation, some downtown business facilities, others rural quiet—and still others the "no-frills" budget trade.

Some, like the Hua Ting, by ingenious planning can offer the very best facilities for more



The focal point of the hotel's lobby is Chinese artist Zhang Ding's 60-foot, silk-embroidered mural, portraying the Great Wall.

and in-house movies. A business center is equipped to serve guests with shorthand-typing, photocopying, facsimile, telex, translation, guides and business introductions. "A business center is very important in China," said Vickers.

There are a Chinese restaurant on the rooftop, serving Cantonese cuisine with Shanghaiese specialties, a French restaurant, an "English Grill", a 24-hour informal restaurant catering to all palates, and a small cafe serving ice cream and drinks. The hotel is also developing a delicatessen

than one sector, if the siting, the staffing and the equipping are right.

But do the giant hotels present special management problems? Vickers said: "No, not really. Beyond a certain size, everything is only a matter of scale—but the manager's job becomes more administrative, and he acts less of a 'boss' to his guests. Then he added: "I think I regret that a little. I always allocate some time, during my day, to make personal contacts with guests—at least by notes or by telephone or by meeting them on arrival."

"We have expanded from two hotels in Asia in 1974 to about 25 today, either operating or under construction," Hartman said. "We were able to expand our manpower by

drawing on the rest of our company—worldwide—we have about 500 hotels.

"We do a pretty detailed analysis of the human resources needed for the environment of a new hotel," he said. "It is a big challenge for us to find the right kind of people to go into some of the posts, to motivate and train newcomers to the business of large, modern hotel-keeping."

The Great Wall Hotel in Beijing and the Hua Ting in Shanghai are the largest hotels in the Sheraton chain outside the United States. But the Sheraton Corporation is not only developing giant 1,000-room establishments. It believes that the smaller, more exclusive "club" hotel can be developed to meet a new sector of super-luxury demand.

In addition to plans to spin off such a club hotel in Shanghai, Sheraton has already developed the Sheraton Towers in Singapore ("it has business on every floor," Hartman noted). "Where else in the Asian region does Sheraton cast its eye for future development?" he said. "I think we should be in Micronesia," Hartman said, "but so far the infrastructure does not support a big tourism operation, except in Guam and Saipan."

The Sheraton momentum clearly indicates optimism about tourism and business travel. "We are projecting a 41-hotel division in Asia-Pacific by 1992—not all of them actually open, but at least under construction."

A subsidiary of IIT, the Sheraton chain has been small recently of relatively low visibility in Asia. Why? "We are a global company," Hartman said, "and most of our expansion during the 1970s has been in Europe, Africa and the Middle East. In those areas we went from one hotel in 1973 to 60 hotels in 1983."

"We really didn't have a corporate presence in Asia until I set up this regional office in April, 1985. In Australia and New Zealand we have expanded rapidly—from one hotel in Perth in 1974 to a dozen in the two countries by 1984."



Overlooking a traditional Chinese garden, the Hua Ting Sheraton's atrium serves a wide range of business travelers and vacationers.

Sheraton Boss Reflects On Recent Expansion

The opening of the Hua Ting Sheraton hotel is not a one-shot project. Instead it is part of a broad Asia-Pacific strategy conceived by the Sheraton hotel chain, and is of relatively recent origin. The story was told recently by Richard M. Hartman, director of operations, Asia-Pacific, at the Sheraton Corp.'s regional headquarters in Hong Kong.

After rapid expansion of its hotel chain in Europe, Africa and Middle East, the corporation has now turned its attention to Asia. "The focus on this region started in the 1980's," Hartman said. "From the earliest days, development in China was part of the strategy here. What initially spurred us on was the takeover of three hotels in three months early in 1985—the former Okinawa Hilton, the Royal Orchid in Bangkok and the Great Wall Hotel in Beijing."

"Since then, we have signed management contracts in Fiji and Tasmania, and we have opened two hotels in Australia and another in Singapore," he said.

In China, the Shanghai hotel is only a forerunner. "We are working on four other definite projects there," he said. These plans are still at various stages of negotiation, and therefore Hartman is reluctant to reveal the sires of the four, but possibilities are Guangzhou, Canton, Xian, Tianjin, Beijing and Guilin—what he calls the "hit list" for any hotel management company.

A hotel on Penang island in Malaysia is also on Sheraton's new network. Development there may be slowed, however, because Malaysian construction and tourism have fallen off.

How does Sheraton maintain this high rate of development over many parts of East Asia? Hotels are complicated projects requiring a corps of specialized management, and highly skilled staffs.

"We have expanded from two hotels in Asia in 1974 to about 25 today, either operating or under construction," Hartman said. "We were able to expand our manpower by

drawing on the rest of our company—worldwide—we have about 500 hotels.

"We do a pretty detailed analysis of the human resources needed for the environment of a new hotel," he said. "It is a big challenge for us to find the right kind of people to go into some of the posts, to motivate and train newcomers to the business of large, modern hotel-keeping."

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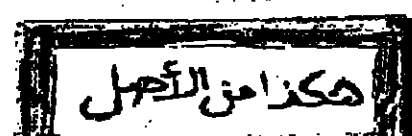
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MONDAY, SEPT. Rout Sho Prices D. PARIS - Ma Last week's financial ins... PARI... the market... was seen as a harbinger... of inflation. In fact, the August Friday was lower than the... stock exchange was... and losses... had driven... sharply higher. The question yet... answered is how much... an aberration... how much a reflection... of confidence... Washington-Tokyo... can manage the... economy to sustain... inflationary growth. The view at S... Brothers Inc. is that... left had more to do... technology running... with new financial... fundamental econo... look. The culprit in... scenario are compute... portfolio insurance... futures contracts wh... a certain level. The... against further price... But soon options... securities, and other... was cheaper to sell... As the securities pri... and programs trigger... was soon feeding on... "It was not a man... research at Salomon... decline probably ex... what profits remain... The capital gains tax... next year. "Many of the sam... market, Mr. Hanna... would be no further... BUT WHAT... economist, is... links to "new... times overhelm... Mr. Kaufman sai... ever-growing capaci... moment's notice via... designed to manage... extraordinary levera... He continued, "C... economy, inflation... more vulnerable to... course of a day. The view on the... unchanged... the Federal Reserve... and West... rates to stabilize ec... to ease. Mr. Hanna sees th... hit a yield of 7 1/2... and 8 percent—a... Michael Rosenber... search at Merrill L... market will cause in... holding paper. With the U.S. bu... policy easy, investo... This translates into... happening—with... more than short-ter... And as short-ter...



EUROBONDS

Rout Shows Investors Feel Prices Don't Justify Risks

By CARL GEWIRTZ International Herald Tribune

PARIS — Markets around the world spoke with one voice last week, expressing profound anxiety that prices on financial instruments were not equal to the risks.

In fact, the August sales increase of 0.8 percent announced Friday was lower than most analysts had been expecting.

The question yet to be answered is how much of this rout was an aberration and how much a reflection of waning confidence that the Washington-Tokyo-Bonn axis can manage the world economy to sustained, non-inflationary growth.

The view at Salomon Brothers Inc. is that the sell-off has moved to do with new technology running amok with new financial instruments than any change in the fundamental economic outlook.

But soon options and futures prices were falling faster than the securities, and other computer programs began flashing that it was cheaper to sell the securities and buy the options or futures.

"It was not a matter of portfolio managers suddenly turning more bearish on the market," said Jeffrey Hanna, director of research at Salomon Brothers. He added, however, that the decline probably encouraged many investors to sell and take what profits remained to benefit from this year's lower tax rate.

"Many of the same factors were at work" depressing the bond market, Mr. Hanna said, in this case fueled by fears that there would be no further cuts in interest rates.

BUT WHAT troubles Henry Kaufman, the firm's senior economist, is the increasing volatility in markets, which he links to "new features of the financial landscape that can at times overwhelm fundamentals."

Mr. Kaufman said market swings can be magnified by "the ever-growing capacity to move funds around the world at a moment's notice via an enhanced menu of financial instruments" designed to manage risk but also "to assume risk quickly and with extraordinary leverage."

He continued, "Currently, confusion about the direction of the economy, inflation and interest rates has also made the markets more vulnerable to the gyrations induced" by trading in the course of a day.

The view on the "fundamentals" at Salomon Brothers remains unchanged — the U.S. economy remains basically weak, the Federal Reserve will continue its easy monetary policy and the Japanese and West Germans will ultimately cut their interest rates to stabilize exchange rates as dollar interest rates continue to ease.

Mr. Hanna sees the Treasury's bellwether 30-year bond, which hit a yield of 7 3/4 percent this week, trading in a range of between 7 and 8 percent — a good buy at current levels.

Michael Rosenberg, head of international fixed-income research at Merrill Lynch, believes last week's rout in the bond market will cause investors to demand more reward for the risk of holding paper.

With the U.S. budget deficit yet to be pared and monetary policy easy, investors want more protection against inflation. This translates into a steeper yield curve — as has already been happening — with longer-dated paper yielding substantially more than short-term instruments.

And as short-term interest rates cannot decline without a See EURO BONDS, Page 13

Bonds Edging Higher

But Price Swings Dominate Trade

By Michael Quint New York Times Service

NEW YORK — With wild price gyrations and heavy volume, the U.S. bond market is experiencing tempestuous trading.

Bonds ended Friday with a modest gain in prices. But on Thursday, fears of higher interest rates caused a sharp drop in Treasury bond prices.

As Friday progressed, the concerns about an upswing in rates, viewed as a potential drag on the economy, spilled over into the stock market, causing a record decline of 86.61 points in the Dow Jones industrial average.

On the stock market on Friday, the industrial average fell another 34.17 points. But on the credit markets, the lower bond prices resulting from Thursday's hectic trading attracted some speculative buyers.

However, market experts said that speculation could only substitute temporarily for demand from longer-term investors who have become increasingly wary the past two weeks as the prices of 30-year Treasury bonds have plummeted by 5 1/2 points, and the bellwether issue's yield has increased almost half a percentage point.

"I think most portfolio managers are still positioned for lower interest rates in the future, but in the past few weeks sentiment has been changing," said William F. Wallace, a managing director in the government securities department at Morgan Stanley & Co.

"There is a growing minority who are now beginning to liquidate some of their holdings," he said. In Friday's trading, speculators and investors, heavy buyers before 9 A.M., turned to heavy sellers the following half-hour.

The Treasury's bellwether 7 1/2 percent bond, for example, traded at about 96 when trading began in New York at 9 A.M., but by about 10:30 A.M. had fallen to 94. At day's end, the issue was offered at 95 3/32 to yield 7.68 percent.

U.S. Consumer Rates

Table with 2 columns: Rate Name and Rate Value. Includes Passbook Savings (5.50%), Tax Exempt Bonds (7.15%), Money Market Funds (5.68%), etc.

WORLD STOCKS IN REVIEW

Via Agence France-Press

Amsterdam

AMSTERDAM — Trading was hesitant on the Amsterdam stock exchange last week amid fears of interest rate hikes.

The decline of the ANP-CBS general share index to 288.3 last Friday from 301 a week earlier also reflected lower price levels for the international, especially Royal Dutch and Unilever. Turnover was 5,564 billion guilders, up from 4,842 billion the previous week.

The perceived upswing of the U.S. economy has dampened hopes of a reduction in interest rates. Stockbrokers Kempen & Co. said that despite the price collapse on Wall Street, Dutch investors did not panic. The general share index, which Thursday finished at 295.5, lost seven points Friday.

Frankfurt

FRANKFURT — The Frankfurt stock exchange reacted cautiously to the falls on New York and Tokyo exchanges. The Commerzbank index closed 79.1 points lower at 2,035.7, with the value of transactions coming to 2,321 billion Deutsche marks.

Most leading shares declined. In automobiles, Volkswagen gave up 20 marks to finish at 529 and Daimler closed 44 marks weaker at 1,282.

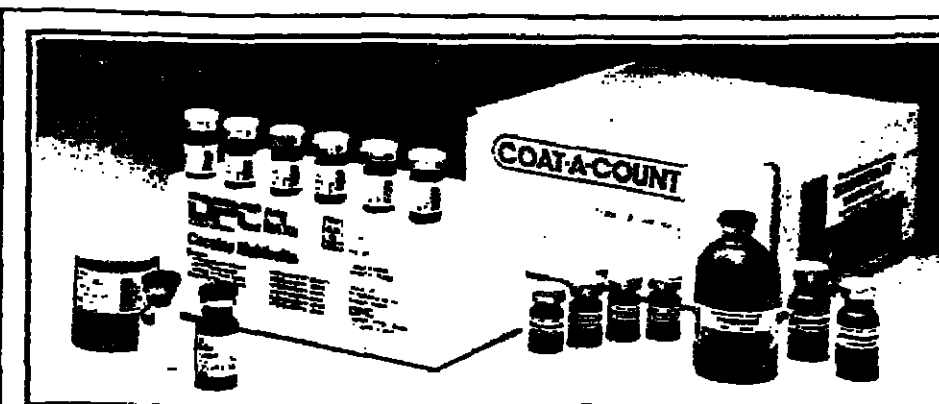
Vebs, in the oil section, was down 16.80 DM at 282.20. In the absence of indications pointing to lower interest rates, Commerzbank dropped 11 DM. Dresdner was down 24.20 and Deutsche Bank gave up 33 DM.

Hong Kong

HONG KONG — The Hang Seng index reached an all-time high Thursday before plunging Friday in response to overseas and local developments. The index closed the week at 1,966.33, down 22 points on last week's finish.

The market rose Monday morning but slackened in the afternoon with whispers of a Hong Kong government takeover of Hong Nin bank — officially announced later in the day — to close at 1,969.98.

The Hang Seng Index jumped Wednesday to 1,967.16. Brokers said the market had been spurred in part by high interim profit re-



Two products for drug testing; a morphine kit and a cocaine metabolite kit.

Market for Drug Tests Is Booming

By Calvin Sims New York Times Service

NEW YORK — As the U.S. government and more and more large corporations consider adopting mandatory tests for drug use among job applicants and employees, the manufacturers of the tests are gearing up for what analysts see as potentially explosive growth.

The total market for the tests — estimated at \$80 million a year in the United States and \$115 million worldwide — will more than double by 1990, spurred by increasing concern over the U.S. drug epidemic, say analysts who follow the diagnostic industry.

Drug tests are already among the fastest-growing product lines for such big pharmaceutical companies as Syva Corp., an arm of Syntex Corp. in Palo Alto, California, and Hoffmann-La Roche Inc. in Nutley, New Jersey.

Both companies make diagnostic kits for testing such widely used drugs as cocaine, morphine, LSD, marijuana, PCP, barbiturates, methadone and amphetamines.

More than 30 percent of the Fortune 500 companies already administer some type of mandatory test for drugs. The military, the biggest U.S. drug tester, gives more than three million tests each year. The Reagan adminis-

tration recently proposed mandatory testing for all government employees in sensitive positions. In an effort to cash in on the rapidly expanding market, a number of diagnostics companies are scrambling to develop or market new products. Previously these companies concentrated on tests for therapeutic drugs. Those tests are used by hospitals, for instance, to monitor the levels of medication prescribed by physicians.

Some of the new entries in testing for abusive drugs are: Diagnostic Products Corp. of Los Angeles, which recently opened a research and manufacturing facility in Britain to develop new tests by the end of the year. The company has been marketing morphine and cocaine tests for the past year and a half.

Abbott Laboratories of North Chicago, Illinois, the world leader in diagnostics, which introduced tests in July to detect cocaine, PCP and barbiturates. The tests are designed to run on Abbott's TDx system, the most widely used system for monitoring therapeutic drugs. Because the TDx is found in two out of three hospitals, Abbott will have a clear advantage over other newcomers, analysts said.

American Drug Screens Inc. of Dallas, which has developed a home-testing kit for parents who suspect their children of taking

drugs. Parents mail urine samples to the company to be tested for marijuana, cocaine, PCP, amphetamines, barbiturates and Valium.

National Patent Analytical Systems Inc. of Roslyn Heights, New York, which is marketing a device that scans the brain for evidence of alcohol and drug intake. The machine is called the Veritas 100 Analyzer and resembles a portable computer. Disposable electrodes are placed on the temples and readings are taken by a computer. The device, which has not received approval from the Federal Drug Administration, is undergoing tests at three universities.

Despite the anticipated growth in drug testing, these new companies may find some difficulty in penetrating the market. Mariola B. Haggard, an analyst with L.F. Rothschild, Unterberg, Towbin Inc., said: "Those companies that have been in the marketplace for some time will be steps ahead of the rest."

Although many companies are adopting either voluntary or mandatory testing, very few actually perform the tests themselves. Instead, the companies usually send urine samples to private laboratories.

The labs use two types of tests to detect drugs: inexpensive screening tests to identify urine

See DRUG, Page 16

GATT Meeting Opens Today Amid Discord

By Clyde H. Farnsworth New York Times Service

WASHINGTON — The largest meeting of trade ministers in history opens in Uruguay Monday to try to initiate the eighth major effort to liberalize trade since World War II.

The conference is intended to set the agenda in such fields as agriculture and services for the new trade round. With the global trading stakes higher than ever before and the issues more bitterly divisive, participants are already warning that the session may collapse.

France is resisting an American effort to eliminate all farm subsidies by the year 2000. And the United States is threatening to walk out if it does not win approval of its priorities.

The U.S. administration wants to show protectionist forces in Congress that the country will gain more by opening foreign markets than closing U.S. markets. In a bid to show real opportunities for trade expansion, it is pressing to extend fair-trade rules to services.

Developing countries, struggling with debt payments and falling commodity prices, are resisting such demands. They see the U.S. initiative as a means of pushing American banks and insurance companies into their economies.

The weeklong meeting brings together 92 governments, or contracting parties, that are signatories to the General Agreement on Tariffs and Trade. After seven previous rounds, all within a GATT framework, world trade has grown eightfold. But it is now 13 years since the last effort, the so-called Tokyo Round, started.

The latest initiative comes as the world economy has been battered by sharp oil price fluctuations, foreign-debt problems in Latin Amer-

ica and trade imbalances in the industrialized countries.

The United States is more dependent on the global market than ever before. Last year imports and exports represented one-fifth of the nation's output of goods and services.

Reagan administration officials call the new round a cornerstone of their international economic policy. Global trade expansion is seen as the key to renewed growth and resolution of both the debt crisis and the huge U.S. trade deficit.

Third World countries are calling for a standstill on protectionist measures in the United States and other developed countries.

Henry R. Nau, formerly on President Reagan's National Security Council and now a professor at George Washington University, said standstill and rollback commitments might lead to the phasing out of U.S. textile and steel curbs.

The European Community and Japan, both of which favor extension of the negotiations to services, might make similar commitments.

Even before the talks begin, some compromises have been discussed. One is to swap a freeze by the United States on filing unfair trade cases for a date for completion of negotiations on services. The United States has initiated cases in recent months against Brazil, South Korea and other countries under Section 301 of the Trade Act of 1974. Threats of import curbs forced both South Korea and Taiwan to permit more U.S. insurance companies to operate in their markets.

"There have to be trade-offs. I think we've got to be willing to discuss everything," said Senator Max Baucus, Democrat of Montana, a leading Senate Finance Committee member.

European Airlines Cut Passenger, Profit Forecast

By Steven J. Dryden International Herald Tribune

BRUSSELS — European airlines have scaled back estimates for an increase in passenger loads inside Europe and in profits this year following the drop in the value of the U.S. dollar and an upsurge in terrorism, according to the Association of European Airlines.

Passenger levels for flights inside Europe are unlikely to grow by more than 3 percent in 1986, rather than the 5.2 percent predicted earlier this year, according to the association, which represents 20 major carriers.

The reduced growth rate would mean about one million passengers

less than the 43.5 million expected. The association said that overall profits for European airlines this year would most likely show a decrease rather than the forecasted growth.

Karl-Heinz Neumeister, the association's secretary-general, said the profit level is especially significant because only this year have airlines begun to recover from financial losses suffered in the early 1980s.

European airlines showed a net profit of about \$750 million in 1985, according to the association. Mr. Neumeister said the fear of terrorism, and fallout after the Chernobyl nuclear accident were probably reasons for the reduced

growth in passenger levels, especially for traffic originating in the United States.

"We not only miss them on the North Atlantic route," he said, referring to Americans, "but also inside Europe. These people are simply not here."

But the fall of the dollar against European currencies, which also discourages Americans from traveling abroad and the shipment of cargo from the United States, "probably in revenue terms the biggest obstacle for airlines this year," Mr. Neumeister said.

Individual European airlines reported contrasting results and forecasts for this year.

Peter Offerman, a spokesman for KLM Royal Dutch Airlines, said that in the first financial quarter ended June 30, the company posted a net profit of \$2.2 million guilders (\$35.13 million), 28 percent down from 115.1 million guilders in the same period of 1985.

He attributed the reduction mainly to the 27-percent drop in the value of the guilder against the dollar over the past year.

Lufthansa AG, West Germany's national airline, is forecasting a rise in net profit from 64 million Deutsche marks (\$30.8 million) in 1985 to 100 million DM this year, according to a company spokesman in Brussels, Guy Comhaere.

Last Week's Markets

All figures are as of close of trading Friday

Table with columns for Stock Indexes, Money Rates, and Currency Rates. Includes US, UK, Hong Kong, Japan, West Germany, and other regional indices.

Currency Rates

Table with columns for Cross Rates and Other Dollar Values. Lists exchange rates for various currencies like Australian, Canadian, Swiss, etc.

COMBINED CURRENCY/STOCK INDEX GRAPH



Paris

PARIS — French share prices fell 5 percent last week, hampered by anxieties over the U.S. economy and fears of higher interest rates.

The sharpest losses were on Friday, when the CAC index gave up

Singapore

SINGAPORE — The Singapore Stock Exchange was unaffected by the declines on Wall Street and in Tokyo. The Straits Times industrial index lost 10.67 points to 834.21.

On Tuesday, talk that a debt-laden Malaysian company, Promet, might go under resulted in nervous

See STOCKS, Page 13

IADB Affiliate To Aid Business

UNITED Press International CARACAS — A new affiliate of the Inter-American Development Bank will assist the private sector in Latin America and contract a pattern of economic intervention by governments, a U.S. official has said.

James W. Conroy, the U.S. representative on the bank's governing board, spoke Friday at the organizational meeting of the 34-nation Inter-American Investment Corp.

The corporation, with \$200 million in subscribed capital, will guarantee loans to small and medium-sized businesses in Latin America.

Hutton MANAGED CURRENCIES PROGRAM

PERFORMANCE RESULT FOR BEGINNING EQUITY OF \$ 10,000 JANUARY 1st 1986 HAS BECOME \$ 15,422 SEPT. 1st, 1986 AFTER ALL COMMISSIONS

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New Eurobond Issues

Compiled by Anne Potter Hardoux from information supplied by European bond traders.

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, Price end week, Terms. Includes sections for Floating Rate Notes, Fixed-Coupon, and Equity-Linked.

Portugal Is Making Recovery, Analysts Say

Agence France Presse LISBON — Portugal, the poorest member of the European Community, is making a steady economic recovery, analysts here say.

Despite Criticism, Coke Loan Is Oversubscribed

By Carl Gewirtz International Herald Tribune PARIS — Coca-Cola Enterprises, a newly formed bottling company that Coke plans to spin off later this year, arranged a \$3.5-billion loan last week to provide both working capital and the cash needed to purchase two bottling companies.

STOCKS: Many Markets Hurt by Fall on Wall Street

(Continued from first finance page) Thursday triggered broad selling Friday in Tokyo, with the Nikkei average falling 662.56 yen from Thursday's close at one stage in the morning session before institutional and corporate investors began to buy.

Peugeot Expects Net to Increase

Reuters PARIS — Peugeot SA expects an increase in profit in 1986 from last year's consolidated net profit of 543 million francs (currently \$80.5 million), according to its president, Jacques Calvet.

Taiwan, U.S. To Resume Trade Talks

Reuters TAIPEI — Taiwan, under U.S. pressure to reduce a big trade surplus, will resume talks this month with the United States about its exports, a senior trade official said.

Christiania Bank og Kreditkasse (Incorporated in the Kingdom of Norway with limited liability) 200,000 Warrants to subscribe DM 200,000,000 6% Notes due 1996

EUROBONDS: Investors Feel Prices Not Worth Risk

(Continued from first finance page) further cut in the discount rate this means that longer term rates must rise.

OPEC Calls Prices Firmer

Reuters VIENNA — The decision last month by members of the Organization of Petroleum Exporting Countries to temporarily limit oil production levels has helped to stabilize crude prices on world markets, Rikwan Lukman, OPEC's president, said Sunday.

RENFÉ Red Nacional de los Ferrocarriles Españoles Madrid, Spain DM 625,000,000 Floating Rate Notes of 1986/1996

according to... senior vice president in Hong Kong... 55 hotels with... according to... Hong Kong is... according to... Hong Kong is... according to... Hong Kong is...

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

Main table containing NASDAQ National Market data, including columns for Sales, High, Low, Close, and various stock symbols.

Vertical text on the left side of the page, partially obscured by the table.

INTERNATIONAL POSITIONS table with columns: TITLE, SALARY, EMPLOYER. Includes roles like EUROPEAN REAL ESTATE ACQUISITION MANAGER, HEAD OF ASIA REGION, etc.

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Cabinet to Study French Budget
PARIS—The cabinet is due to meet Monday to study a budget that would increase tax cuts but also increase spending in most areas...

Mutual Funds

Figures as of close of trading Friday

Table of mutual fund performance data including columns for fund name, bid/ask prices, and other financial metrics.

MANUFACTURE FRANÇAISE DES PNEUMATIQUES MICHELIN
FRF 750,000,000
8 1/2 % Bonds due 1993
Lazard Frères et Cie
Crédit Commercial de France
Banque Nationale de Paris, Crédit Lyonnais, Crédit Suisse First Boston Limited, etc.

American Exchange Options

Figures as of close of trading Friday

Table of American exchange options data including columns for option type, price, and other details.

INTERNATIONAL CLASSIFIED
(Continued From Back Page)
EMPLOYMENT POSITIONS AVAILABLE
AUTOMOBILES CORVETTES 1987
AUTO SHIPPING
AUTOS TAX FREE
TRANSCO LONDON
LES AUTOMOBILES EXTRAORDINAIRES
ARMoured Cars
OCEANVIEW MOTORS
COLLEGES & UNIVERSITIES
A KENSINGTON DEGREE
LOW COST FLIGHTS
ESCORTS & GUIDES
INTERNATIONAL ESCORT SERVICE
REGENCY NY
MADRID
MAYFAIR CLUB
CAPRICE-NY
LONDON KENSINGTON
LONDON BELGRAVIA
ARISTOCATS
MADRID
GENEVA
LONDON BELGRAVIA
LONDON BELGRAVIA
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SPORTS

Michigan Squeaks Past Gritty Notre Dame, 24-23

South Bend, Indiana — Lou Holtz's debut was spoiled only by a loss. Notre Dame fans, starved for success following five years of coaching mediocrity under Gerry Faust, witnessed the immediate effects of the Holtz touch — discipline, and inspired play against one of the nation's finest teams.

Michigan took a 17-14 lead when Morris ran one yard for a third-down score. The Wolverines' Doug Malingo recovered a fumble on the ensuing kickoff, and Morris scored on the next play when he caught a 27-yarder from Harbaugh. Carney kicked a 25-yard field goal with 4:26 remaining to bring the Irish within 24-23. The kick came one play after Williams was ruled out of the end zone after coming down with a potential game-winning catch.

U.S. COLLEGE FOOTBALL. Alabama 31, So. Mississippi 17: In Birmingham, Alabama, Miller Simla threw touchdown passes of 31 and 6 yards to Greg Richardson, and Gene Jelks ran for a score despite a groin injury to lead fourth-ranked Alabama. Mississippi 27, Tennessee 23: In Knoxville, Tennessee, quarterback Don Smith raced 62 yards for the go-ahead touchdown in the fourth quarter and finished with 333 yards in total offense to direct Mississippi State's shocker over eighth-ranked Tennessee. Smith rushed 14 times for 102 yards and completed 15 of 30 passes for 231 yards and three touchdowns.

Arkansas 21, Mississippi 6: In Little Rock, Arkansas, quarterback Greg Thomas ran for one touchdown and threw for another, lifting the Razorbacks to their first win in scoring in the first half, when Thomas completed 6 of 6 passes for 88 yards and James Rouse ran for 70 yards on 15 carries. LSU 35, Texas A & M 17: In Baton Rouge, Louisiana, freshman Tom Hodson completed 15 of 21 passes for 193 yards and two touchdowns in guiding Louisiana State past the seventh-ranked Aggies. Stanford 31, Texas 20: In Austin, Texas, John Payne passed for 241 yards, including scoring strikes of 56, 45 and 18 yards to Jeff James, as Stanford handed Texas its first home-opener loss since Southern California beat the Longhorns, 10-6, in 1966. Army 33, Syracuse 28: In West Point, New York, junior quarterback Tony Crawford rushed for a career-high 173 yards, halfback Clarence Jones ran for 92 yards and three TDs, and fullback Andy Peterson gained 91 yards on 16 attempts as Army rolled up 405 yards on the ground.



TCU's Tony Jeffrey, getting past a Tulane defender to score the first of his five touchdowns.

60-Yard Pass Play Helps Redskins Nip Raiders, 10-6

Washington — Jay Schroeder passed 60 yards to Clint Didier to set up the game's lone touchdown, a 3-yard run by George Rogers with 7:27 left, to help the Washington Redskins to a 10-6 National Football League victory Sunday over the Los Angeles Raiders. The Raiders have lost the first

two games of a season for the first time since 1964 (when they dropped their first five). Washington improved to 2-0. It was the team's first meeting since Super Bowl XVIII, in which the Raiders routed the Redskins by 38-9. The Redskins won despite the 11th straight 100-yard rushing effort by Marcus Allen, who gained 104 yards on 23 carries to extend his NFL record in that category. Walter Payton had held the record of nine straight. Didier beat safety Stacey Taylor down the left sideline, caught Schroeder's pass at the 30 and went to the Raider 9 before Mike Haynes caught him from behind. Rogers ran off right tackle for a 3-yard touchdown to make the score 10-6. Rogers gained 80 yards on 21 carries and scored a rushing touchdown for the fifth straight game. Nar-lon McCallum returned the kickoff following Rogers' touchdown 59 yards to the Washington 36. But the Redskins held tight, with Mel Kaufman sacking quarterback Marc Wilson on third- and 13 at the 41 to end the threat. Bears 13, Eagles 10: In Chicago, Kevin Butler, who missed four field goals in regulation time, kicked a 23-yarder 5:56 into overtime and Walter Payton rushed for 176 yards and a touchdown to help the Bears edge Philadelphia. The Eagles' Charles Crawford fumbled the overtime kickoff, and Vestee Jackson recovered on the Philadelphia 35. Payton carried repeatedly, pounding ball to the Eagle 2. A penalty brought it back to the 7 before Butler connected. Cowboys 31, Lions 7: In Pontiac, Michigan, Tony Dorsett, although playing on a tender ankle, scored one touchdown and set up another in rushing for 117 yards and sparking Dallas to victory over Detroit. Saints 24, Packers 10: In New

Orleans, wide receiver Eric Martin accounted for 156 yards and a touchdown with his first two receptions and the defense picked off seven passes as the Saints jumped ahead quickly and beat Green Bay. Browns 23, Oilers 20: In Houston, Bernie Kosar threw a 55-yard TD pass to Reggie Langhorne and Earnest Byner scored on a 1-yard run in the first 2:10 to lift Cleveland past the Oilers. Trailing by four points after a pair of Houston field goals, the Browns took over on their 20 with 3:18 left. Five plays later, Kosar fired a scoring pass to Langhorne, who got behind two defenders. Houston failed to cover the ensuing short kickoff, and Cleveland's D.D. Hoggar recovered the ball at the Oilers 20. Thirty-two seconds later, Byner plunged in from a yard out. Falcons 33, Cardinals 13: In Atlanta, David Archer threw two TD passes as the Falcons routed St. Louis. Archer connected with Charlie Brown on a 17-yarder in the first quarter and put the game on ice with a 22-yarder to Anthony Allen with 5:59 left to play. Giants 20, Chargers 7: In East Rutherford, New Jersey, Phil Simms passed for 300 yards and the New York defense forced seven turnovers as the Giants downed San Diego. Kenny Hill and Terry Knard intercepted two Dan Fouts passes as all six San Diego second-half possessions ended with turnovers. Hill's second interception led to Simms' 12-yard touchdown pass to Lionel Mannel with 7:14 remaining to make the score 17-7. The Chargers, who gained 500 yards and scored 50 points last week against Miami, could manage only a 29-yard scoring pass from Fouts to running back Gary Anderson with 3:24 left in the first half. (UPI, AP)

SCOREBOARD

Baseball

Table with columns for team names and scores. Includes 'Friday's and Saturday's Major League Line Scores' and 'AMERICAN LEAGUE' results.

Football

Table with columns for team names and scores. Includes 'U.S. College Results' and 'SOUTHWEST' and 'FAIR WEST' results.

Baseball

Table with columns for team names and scores. Includes 'NATIONAL LEAGUE' results.

Football

Table with columns for team names and scores. Includes 'SOUTH' and 'MIDWEST' results.

Baseball

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Football

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Tennis

Table with columns for player names and match results. Includes 'WOMEN'S TOURNAMENT' and 'Men's Singles' results.

Tennis

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Transition

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